Philanthropy Impact Magazine

Issue 8: Spring 2015

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Nationally and Internationally

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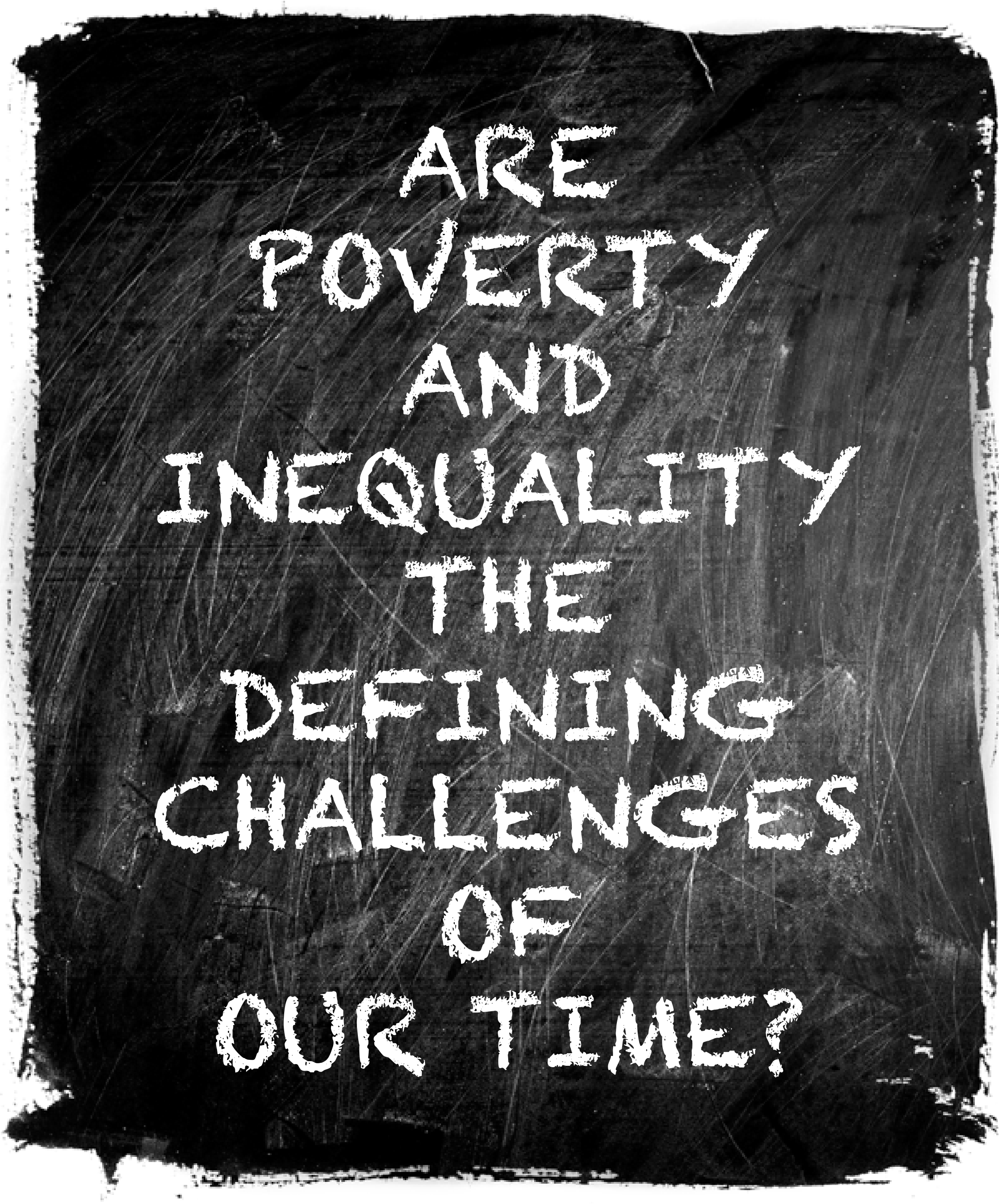

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Are Poverty and Inequality the Defining Challenges of Our Time?

It would appear so

Scott Barber and Edward Finch

We are delighted to be the first sponsors of Philanthropy Impact Magazine and to partner with an organisation that so closely aligns with our non-profit, private client and philanthropic specialisms. The answer to the question above is:

It would appear so, according to...

- A recent poll conducted by J. P. Morgan Private Bank and the Beacon Awards which found that 'global poverty is top of the agenda for the next generation of philanthropists' *(J.P. Morgan Press Release 29 April 2015)*
- The debate amongst political parties prior to and during the election
- Numerous articles in the media
- The popularity of Thomas Piketty and his book **Capital in the Twenty-First Century**
- The articles in this magazine

As can be seen in the articles in this magazine it matters to the Governor of the Bank of England, Mark Carney; to economists such as Vicky Pryce; to philanthropists such as Gina Miller, Grant Gordon and others; to trusts such as Trust for London and Barrow Cadbury Trust; and of course to charities such as those in the human rights arena, international issues, and so on.

The facts are clear. For example in the UK:

Equality of Opportunity

- The correlation between parents' earnings and their children's was higher in UK than anywhere in the developed world
- Although the arrival of mass education and opening of universities and professions to meritocracy led to increased social mobility throughout the 20th Century, this is now in reverse.

Income Inequality Is One of the Defining Challenges of Our Time

- The wealthy are becoming wealthier and the poor are becoming poorer. The share of income held by the top 1% of the UK population has grown: in 1910 it was 22%, in 1980 it was 6%, and in 2010 it was 15% – According to Thomas Pikkety, this will peak when the rate of return on capital exceeds the growth rate of the economy (growth of capital outstripping the growth of output).
- The wealthy have been largely insulated from the 2007/8 financial crash
- Real annual wages fell for the typical worker by 8% between 2008-13; the figure for young people up to age 29 is 13%
- Almost a million people resorted to food banks in 2014

The Stresses of Poverty

Studies (including an emerging body of brain science) show that the stresses of poverty often overwhelm the critical thinking skills that people need to develop and follow a pathway out of their living conditions, to break the poverty cycle. Low wage employment and zero hour contracts have an impact and reinforce a poverty life-cycle.

A Future Issue Potentially Disruptive

The increasing use of robots, biotechnology advances, digital technology and 4D may be disruptive in positive ways; however there may be a downside with fewer jobs for all classes potentially widening the income gap more.

Scott Barber, Tax Partner with interest in cross-border philanthropy, Buzzacott

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> *'Not so long ago those who worried about inequality were accused of partaking in the politics of envy. In the past year this concern officially became mainstream as voices from the Pope to Christine Lagarde to President Obama cautioned of its impacts. The mounting consensus: left unchecked, economic inequality will set back the fight against poverty and threaten global stability'*
>
> **World Economic Forum setting out the problem ahead of its meeting in Davos (The Disintegration of the World, The Atlantic, May 2015)**

Philanthropy Impact

Magazine

Issue 8: Spring 2015

Philanthropy Impact: Vision and Mission

Our vision is to increase philanthropy and social investment across borders, sectors and causes.

Our mission is to achieve greater sector knowledge and expertise by working with professional advisors. Through our links with key sector stakeholders we develop thought-leadership on philanthropy and social investment.

We do this by delivering activities that include:

- Events: a comprehensive programme of events that support professional training and development
- Publications and Research: our 'body of knowledge' guides, case studies, and other resources, and the acclaimed Philanthropy Impact Magazine
- Lobbying: we advocate for policies and regulations that encourage philanthropic giving and social investment

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

Please contact the Editor at editor@philanthropy-impact.org

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We invite letters to the Editor at:
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Towards a Human-Centred Management Paradigm

Ernst von Kimakowitz *(www.humanisticmanagement.org)*

This issue of Philanthropy Impact Magazine asks: Are Poverty and Inequality the Defining Challenges of Our Time? My answer is yes, they are. They are defining challenges for humanity in general and of our time specifically.

The moral development of a society can be measured by how it treats its weakest members is one of the cornerstones in the debate on distributional justice and I believe it holds much truth. In this sense poverty and inequality are defining challenges of humanity in general but they are also defining challenges of our time for two main reasons.

- First stands the acknowledgment that in a global economy most of what we do makes indirect impact far beyond our direct sphere of action. Hence, we are called to reflect on the impact our business conduct, purchasing preferences, supply chains or investment decisions make on the weakest in our global community as well as in our neighbourhood
- Secondly, the tremendous productivity gains and technological advances of the last decades have created unprecedented wealth in many parts of the world giving us much reason to embrace the combination of free enterprise and democratic government as its foundation

In consequence, we are in a situation where, for the first time in human history, we have it in our hands to eradicate extreme poverty. Allowing for everyone to live a dignified life has become an attainable goal, it has turned from a question of having enough or not, to a question of developing the capacity to share or not; from a question of volume based constraints to a question of overcoming distributional challenges.

Allowing for everyone to live a dignified life has become an attainable goal, it has turned from a question of having enough or not, to a question of developing the capacity to share or not

As much as this macro-level analysis may be true, it would be wrong to simply insinuate a lack of will to make more progress on fighting poverty and reducing inequality. From government failure to

Ernst von Kimakowitz

The Human-Centred Management Paradigm

widespread corruption, from sometimes adverse effects of culturally embedded traditions to navigating the complexities of a globally interlinked and interdependent economy, the challenges are substantial. However, I see no reason why we should not be capable to lay the first stone and adopt a mindset where we no longer accept devastating poverty as inevitable and no longer readily tolerate a level of inequality that is detrimental to societal wellbeing and shared prosperity.

The Means and Ends of Business

In making progress towards the goals of lifting people out of poverty and reducing inequality that has risen steeply over the last decades, business can play an even greater role than it does today. This is contingent though, upon re-establishing a meaningful relationship between the means and ends of business and its role in society. In essence we need to depart from a one dimensional goal-set where maximising profit is the singular aspiration of a business organisation and shift towards the triple bottom line in assessing business success. Being profitable is a necessary condition of sustainability for any business organisation, but it is not its raison d'être, profit is a means but not an end in itself.

The reason why we want prospering businesses in our communities is because they deliver goods and services that meet genuine human needs, because they provide livelihoods through employment opportunities, because they allow us to collaborate in creating value and finding innovative solutions to the challenges we face within the boundaries of the capacity of our planet. In short: the end of business is to serve society and healthy profits are a means to gain and maintain the capacity for doing so, not vice versa. As Peter Drucker said: "Free enterprise cannot be justified as being good for business. It can be justified only as being good for society".

Many business leaders I talk to, especially those of owner managed or privately held companies share this view and reject the notion of short-term shareholder value maximisation, viewing financial returns as a means and a reward for offering goods and services that provide value to a wide swath of their stakeholders. They know that sustaining business success depends on a value proposition to society at large and have a deep sense of responsibility for the communities in which they operate. Not only at home, but around the globe, not only within their own operations but also along their supply chains, they strive to create shared value and share the value created.

Towards a Human-Centred Management Paradigm

At the Humanistic Management Center we have researched the hallmarks of businesses that are based on what we call a human-centred management paradigm. Combining theoretical insight with empirical evidence from companies that are healthy, competitive actors in their markets we found three main characteristics of companies that do well just as much as they do good. These are 1) the unconditional respect for human dignity, 2) integration of ethical reflection in management decisions and 3) the active and ongoing engagement with stakeholders.

The respect for human dignity may seem somewhat remote from business at first sight but it is central to a human-centred management paradigm. A precondition for fruitful human interaction is the mutual respect for one another. Business is human interaction and business leadership is first and foremost about being a human being. Our dignity lies in our capacity to define autonomously the purpose of our existence and business can promote as well as hamper our capability for doing so. Paying living wages, ensuring safe working conditions or avoiding environmental damages that adversely affect peoples' health or their ability to farm their own food are but a few examples for how business can be an agent for self determination and a life in dignity. Human-centred businesses do not accept that people create value for the business under undignifying conditions and they do not pose preventable limitations on their stakeholders' ability to live a self-determined life.

Secondly, ethical reflection forms an integrated part of business decisions in a human-centred management paradigm. Businesses that are serious about respecting human dignity examine management decisions in terms of their consequences and risks for all those affected. They do not wait for costly public outcry if and when misdemeanour makes the headlines before they respond with corrective action nor do they view CSR programs only as a tool to manage reputational risks. Human-centred businesses think that protecting their integrity through adhering to self-imposed, strong values needs no further reasoning for it is the right thing to do.

Businesses that are serious about respecting human dignity examine management decisions in terms of their consequences and risks for all those affected.

The third hallmark of a human-centred management paradigm is the active and ongoing engagement with stakeholders. Through stakeholder engagement businesses seek to learn about the interests and concerns of all those who are touched by their operations. Aiming for compromise where interests are in conflict and allowing for the power of the better argument to supersede factual power, they gain and maintain a high level of public legitimacy. Human-centred businesses are willing and able to make their decisions transparent and listen to and act upon concerns voiced by their stakeholders. Stakeholder engagement allows to share responsibility and gain insights on the public perception of the business. This, in turn, provides business intelligence to refine value propositions and promote the ongoing success in the market place.

In summary, a human-centred management paradigm follows strategies and practices aimed at the creation of sustainable human welfare. It is part of their organisational DNA to reduce poverty and inequality; directly for those who generate value for the business and indirectly for those whose interests are respected and considered based on strong values and the desire to generate value for society at large.

Reality Proves Possibility

However, I am cautious not to be naïve and the status quo conserving interests are strong. We need to be aware that no actor, neither business or policy makers, nor NGOs or international and civil society organisations can deliver the solution to eradicating poverty and reducing inequality on their own. It would thus be equally wrong to expect business to singlehandedly fix it, as it would be wrong to expect that it can be done without the active contribution of the private sector. To live up to the promise of addressing poverty and inequality through business we need to emancipate ourselves from the assumption that businesses as well as investors face a binary choice between aiming for risk adjusted maximum financial returns and sacrificing income for societal benefit. As aforementioned we have every reason to embrace the great success story of market economies under democratic government. Simultaneously though, we need to better align business and societal interests, to the benefit of both. The evidence we found in our quest to determine the underlying characteristics of human-centred businesses show that financial health and societal benefit generation can very well go hand in hand.

It is an enormous privilege that we are given the opportunity to rid the world of extreme poverty and allow for everyone to live in dignity as a member of our global community. Let's make sure not to waste it.

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In addition to general questions of business ethics his topical foci are humanistic management, stakeholder engagement, development theory and impact investing. He researches, publishes, teaches and delivers advisory services on these topics. Previously he has worked in strategy consulting with a leading management consulting firm based in London, England. Ernst holds a M.Sc. from the London School of Economics (LSE) and an award winning Ph.D. from the Institute for Business Ethics at the University of St Gallen.

Does Wealth Come With a Social Contract To Do Good For Society?

John Nickson *(www.johndnickson.com)*

The short answer is no. There was once an understanding that wealth comes with responsibility but that is no longer the case and we need a social contract now more than ever. Why? Because only a minority of the rich is philanthropic and that is a problem when, according to *Credit Suisse*, 1% owns almost half the world's wealth. There is evidence that extreme inequality is bad for governance, social cohesion and economic growth (*IMF*). There is no evidence that the trend towards greater inequality will end. We should worry about the prospects for future generations.

John Nickson

We are supposed to be charitable. Evolution has shaped us by favouring altruism as well as ambition. We developed a biological need to help others because this was the best way to sustain and prolong life.

We know that the most successful and stable societies are those where the rich and powerful demonstrate commitment to their fellow citizens by being philanthropic. The concept of charitable status began in sixth century BC Greece when tax exemption was offered to hospitals, orphanages and schools. The rich were encouraged to fund temples, armouries, granaries and festivals of drama. Philanthropy became a badge of pride, an emblem of civic loyalty and the mark of a good citizen. Greek civilisation was once one of the world's greatest.

In the second century AD, Rome decreed that gifts of legacies could be made in perpetuity, providing the legal framework for our trusts and foundations. Since then, philanthropy has shaped contemporary Britain. Hospitals, hospices, schools, universities, museums, libraries, parks, all manifestations of a civilised society, were originally funded by philanthropy.

Our Victorian forbears were canny wealth creators. They understood the links between commerce and community and saw the potential for maximising the value of their wealth. They transformed our cities by philanthropic investment in projects that benefited their communities. Thus, in the nineteenth century, private and public were united by mutual interest. According to the social contract of the time, philanthropists enjoyed public acknowledgment and found personal fulfilment .

Although the Industrial Revolution generated great wealth, the state had to intervene at the beginning of the twentieth century because charity could not alleviate the threat growing poverty posed to civil society. With the introduction of the welfare state and high taxes after the Second World War, many of the wealthy abandoned philanthropy.

Since the Thatcher/Reagan neo-liberal settlement 35 years ago, the few have become phenomenally wealthy whilst the incomes of the many have stagnated. It is true that mankind has never been so prosperous. Globalisation and technology have lifted billions out of poverty. The income gap between nations is narrowing but inequality is growing within some countries.

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Concern about inequality is no longer confined to the Left. Although income inequality has recently stopped growing in Britain, there has been a significant trend since 1980.

According to the *OECD*, the share of national income going to those on the lower half of incomes in Britain has fallen by 25% whilst the slice going to the top 1% has increased by 50%.

The *High Pay Centre* reports that top executives in FTSE 100 companies earned 47 times employee's average earnings in 1998 and 143 times that in 2013.

The *Social Market Foundation* reports that between 2005 and 2012/13, in terms of income, the top 20% saw their median wealth rise by 64%, while the wealth of the bottom fifth dropped by 57%.

The Resolution Foundation reports that whilst earnings are returning to pre-recession levels, median earnings for those aged 22 to 29 were 12.5% lower in 2014 than in 2009.

With the introduction of the welfare state and high taxes after the Second World War, many of the wealthy abandoned philanthropy.

Personal tax in Britain has fallen from a top rate of 96% in the 1960's to 45%. The principle argument for lowering taxes was that the creation of more wealth would benefit all of society. Although personal wealth has soared for a few, 'trickle down' has not materialised. There are 117 sterling billionaires based in Britain, almost double the number in 2009, but there has been no increase in charitable giving in Britain to reflect a phenomenal growth in personal wealth in the past thirty years. Meanwhile, tax avoidance in Britain is estimated to be equivalent to the cost of local government and our armed services.

Those with higher incomes are right to claim that they are paying more income tax than anyone else. However, including indirect taxes, the *Office For National Statistics* confirms that the poor pay proportionately more tax than the rest of us. In 2012/13, the wealthiest 10% paid 35% of their gross income in tax whilst the poorest 10% of households paid 47%.

In 2013, I wrote my book *Giving is Good For You*. I was urged to do so by those generous philanthropists who are concerned about the failure of most of their peers to give, confirmed by a Coutts bank report that only 10% of those selling a business engage in significant philanthropy.

I quoted a member of one of Britain's most well known and most philanthropic billionaire families:

"What has gone wrong is any sense of responsibility. We currently have a system that positively encourages tax avoidance and doesn't do enough to encourage giving. Our problem is that not enough people are committed to the concept of the common good. By not giving, some of the rich are generating a culture in which they are despised. If we continue to have a society that encourages a lack of responsibility, then we are heading for trouble".

What happens to civil society when the welfare state is cut? Is the voluntary sector able to compensate if charitable giving remains stagnant and only a minority of the rich is philanthropic? Is civil society, and by implication, our liberal democracy, sustainable given current tends towards growing inequality, limited economic growth, record levels of debt, high youth unemployment, the threat to middle class jobs posed by automation and the escalating cost of an ageing population?

Opinion surveys confirm that there is a disconnection between people and institutions and a lack of trust in politicians, business, financial services, the police, the health service, the media and religious leaders. Lack of trust is corrosive and not good for the health of civil society. Fewer people vote, particularly the young. Belief in the common good is compromised in an era of fragmentation.

Working with public sector and other partners, philanthropy can deliver positive social change.

What does the future hold for the young? Currently, finding a job and affording a home is a challenge. Youth unemployment remains high at 16.2%. For the first time in generations, the young are less well off than their parents and grandparents and will inherit an increasingly unequal world in which the wealthy accumulate unaccountable power. This could have profound implications for the future of civil society. Will our descendants inherit a plutocracy rather than a liberal democracy?

There are no answers to these questions. We face the future in a political and moral vacuum. Religious imperatives to give are much diminished as is political leadership. Most politicians do not understand philanthropy and distrust philanthropists and their motivation. There is no vision for the long term and little apparent understanding of the challenges ahead. The future of civil society cannot be assured without coherent political and moral leadership. The time is ripe for a new 'settlement' that redefines the responsibilities of the public, private and voluntary sectors and of individual citizens.

There have always been limits to what the state can do and we must expect the state to do less in future, putting additional pressure on civil society and the voluntary sector. There are also limits to what the charitable sector can deliver. We shall always need an enabling state and those who believe that philanthropy can compensate for a smaller state are deluding themselves. However, philanthropy can support what the state cannot undertake, the traditional role for charity in the past. By working with public sector and other partners, philanthropy can deliver positive social change.

The post-war political, economic and social model is in trouble. We must find new ways of doing things. Our problems give us an opportunity to think about what we may learn from the past in order to meet the challenges of the future. In 2011, *The Financial Times* called for a more socially responsible form of capitalism. In a new age of enlightenment, it would be clear to entrepreneurs that philanthropy and social investment should be a priority and in their own interest.

One way forward may be for philanthropists to join forces with others who are committed to the common good. Partnership should enhance impact. That would require the voluntary sector to adapt. Moreover, whilst the British remain keen volunteers, we have lost our culture of philanthropy and must create a new one by reviving commitment to the common good, the bedrock of civil society since civilisation began. This will not be possible without political leadership and until we teach our children about the virtues of civil society and their personal responsibility for sustaining it. Learning how to be a good citizen should be embedded in the curriculum.

Now is the time for the wealthy to follow the example of their forbears by showing leadership through philanthropy. By reaffirming a social contract between the citizen and the state, they will set an example we may all follow. Whoever leads should be considered very smart. How long must we wait?

John Nickson is the author of Giving Is Good For You, published in 2013. He was responsible for fundraising at The British Council, English National Opera, The Royal Academy of Arts and Tate. He is also a philanthropist and a trustee of a number of charities, including The Royal College of Music. His second book will be published in 2016.

Inclusive Capitalism:
Creating a Sense of the Systemic

Speech given by Mark Carney, Governor of the Bank of England at the Conference on Inclusive Capitalism, London 27 May 2014. *www.bankofengland.co.uk/publications/Pages/speeches/2014/731.aspx*
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Mark Carney *(www.bankofengland.co.uk)*

Inclusive capitalism is fundamentally about delivering a basic social contract comprised of relative equality of outcomes; equality of opportunity; and fairness across generations. Different societies will place different weights on these elements but few would omit any of them.

Mark Carney

Societies aspire to this trinity of distributive justice, social equity and intergenerational equity for at least three reasons. First, there is growing evidence that relative equality is good for growth.[1] At a minimum, few would disagree that a society that provides opportunity to all of its citizens is more likely to thrive than one which favours an elite, however defined. Second, research suggests that inequality is one of the most important determinants of relative happiness and that a sense of community – itself a form of inclusion – is a critical determinant of well-being.[2] Third, they appeal to a fundamental sense of justice.[3] Who behind a Rawlsian veil of ignorance – not knowing their future talents and circumstances – wouldn't want to maximise the welfare of the least well off?

The problem: the growing exclusivity of capitalism

This gathering and similar ones in recent years have been prompted by a sense that this basic social contract is breaking down. That unease is backed up by hard data. At a global level, there has been convergence of opportunities and outcomes, but this is only because the gap between advanced and emerging economies has narrowed. Within societies, virtually without exception, inequality of outcomes both within and across generations has demonstrably increased.[4]

The big drivers of globalisation and technology are magnifying market distributions.[5] Moreover, returns in a globalised world are amplifying the rewards of the superstar and, though few of them would be inclined to admit it, the lucky.[6]

Now is the time to be famous or fortunate.

There is also disturbing evidence that equality of opportunity has fallen, with the potential to reinforce cultural and economic divides. For example, social mobility has declined in the US undercutting the sense of fairness at the heart of American society.[7]

Intergenerational equity is similarly strained across the advanced world. Social welfare systems designed and enjoyed by previous generations may prove, absent reform, unaffordable for future ones.[8] And environmental degradation remains unaddressed, a tragic embarrassment now seldom mentioned in either polite society or at the G20.

To maintain the balance of an inclusive social contract, it is necessary to recognise the importance of values and beliefs in economic life. Economic and political philosophers from Adam Smith (1759) to Hayek (1960) have long recognised that beliefs are part of inherited social capital, which provides the social framework for the free market.

Social capital refers to the links, shared values and beliefs in a society which encourage individuals not only to take responsibility for themselves and their families but also to trust each other and work collaboratively to support each other.[9]

So what values and beliefs are the foundations of inclusive capitalism?[10] Clearly to succeed in the global economy, *dynamism* is essential. To align incentives across generations, a *long-term* perspective is required. For markets to sustain their legitimacy, they need to be not only effective but also *fair*.

Nowhere is that need more acute than in financial markets; finance has to be *trusted*. And to value others demands *engaged citizens* who recognise their obligations to each other. In short, there needs to be a sense of society.

Social capital has been eroded

These beliefs and values are not necessarily fixed; they need to be nurtured. My core point is that, just as any revolution eats its children, unchecked market fundamentalism can devour the social capital essential for the long-term dynamism of capitalism itself. To counteract this tendency, individuals and their firms must have a sense of their responsibilities for the broader system.

All ideologies are prone to extremes. Capitalism loses its sense of moderation when the belief in the power of the market enters the realm of faith. In the decades prior to the crisis, such radicalism came to dominate economic ideas and became a pattern of social behaviour.[11] As Michael Sandel argued, we moved from a market economy to a market society.[12]

We simply cannot take the capitalist system, which produces such plenty and so many solutions, for granted. Prosperity requires not just investment in economic capital, but investment in social capital.

Market fundamentalism – in the form of light-touch regulation, the belief that bubbles cannot be identified and that markets always clear – contributed directly to the financial crisis and the associated erosion of social capital.

Ensuing events have further strained trust in the financial system. Many supposedly rugged markets were revealed to be cosseted:

- major banks were too-big-to fail: operating in a privileged heads-I-win-tails-you-lose bubble;
- there was widespread rigging of benchmarks for personal gain; and
- equity markets demonstrated a perverse sense of fairness, blatantly favouring the technologically empowered over the retail investor.[13]

Such practices widen the gap between insider and outsider returns and challenge distributive justice. More fundamentally, the resulting mistrust in market mechanisms reduces both happiness and social capital.

We simply cannot take the capitalist system, which produces such plenty and so many solutions, for granted. Prosperity requires not just investment in economic capital, but investment in social capital.

It is necessary to rebuild social capital to make markets work. This is not an abstract issue or a naive aspiration. I will argue that we have already made a start with financial reform and that by completing the job, by returning to true markets, we can make capitalism more inclusive.

What then must be done?

There are a wide range of policies to promote inclusive capitalism from early childhood education, training and the importance of differentiated pathways and mixed-income neighbourhoods. These are all fundamentally political issues.

As an economist who should know the importance of comparative advantage, I will spend the balance of my time focusing on what central banks can do to support inclusive capitalism. The Bank of England's mission "to promote the good of the people of the UK by maintaining monetary and financial stability" suggests that central banks have an important role to play in supporting social welfare.

Central banks can contribute in two areas. First, our core macroeconomic objectives promote social welfare. Second, we can help to create an environment in which financial market participants are encouraged to think of their roles as part of a broader system. By building a sense of responsibility for the system, individuals will act in ways that reinforce the bonds of social capital and inclusive capitalism.

Some of this is straightforward. Inflation hurts the poor the most and the real costs of financial instability – unemployment and the seizure of credit – are likely to be felt most acutely by the poor.[14] Conversely monetary and financial stability are cornerstones of strong, sustainable and balanced growth and therefore directly affect distributive justice.

Some is more nuanced. While to not have acted would have been catastrophic for all, the distributional consequences of the response to the financial crisis have been significant. Extraordinary monetary stimulus – both conventional, through low short-term interest rates, and unconventional, through large scale purchases of assets – raised a range of asset prices, benefiting their owners, and lowered yields, benefiting borrowers at the expense of savers.[15]

Central banks are not blind to these issues. Rather we recognise that decisions to redistribute wealth are rightly political, as are most policies that promote social mobility. It is only in extreme circumstances, such as in the wake of a financial crisis, that we can have some limited influence on social mobility and intergenerational equity.

That is because the depth and duration of recessions can profoundly affect the opportunities over the rest of the lives of affected workers. For example, a rise in unemployment by 5 percentage points is estimated to imply an average initial loss of earnings for new college graduates of around 9 per cent, an effect which is estimated to fade only after a decade.[16] The persistent effects from adverse labour market conditions are much larger for individuals in the first year of their careers than for those with a few years of experience. And losses are magnified for those whose earnings are predicted to be lower, based on their college major. The current situation in many advanced economies is very challenging: over 40% of recent graduates in US are underemployed[17] and youth unemployment is around 50% in the worst affected countries in the Euro area.

With clear risks of a misplaced if not lost generation, to the extent appropriate under our mandates, the monetary policy response has represented a race against long-term (or hysteretic) unemployment. As Janet Yellen remarked, *"the risk that continued high unemployment could eventually lead to more-persistent structural problems underscores the case for maintaining a highly accommodative stance of monetary policy."* [18]

In Britain at least, these risks have been sharply reduced. *The Bank of England* has used a range of policies first to stimulate and then to secure the recovery. These have helped support the strongest job growth on record including record-high transitions back into employment by the longer-term unemployed. Longer-term social mobility will benefit from this track record.

Looking ahead, improvements in policy frameworks should help to reduce – but not eliminate – the incidence of financial crises. A core lesson of the recent episode is the need to think of the system as a whole. That is now reflected in the Bank of England's responsibility to bring a macroprudential perspective to financial stability policy.

Financial reform and rebuilding social capital

Central banks' greatest contribution to inclusive capitalism may be driving financial reforms that are helping to re-build the necessary social capital.

In doing so, we need to recognise the tension between pure free market capitalism, which reinforces the primacy of the individual at the expense of the system, and social capital which requires from individuals a broader sense of responsibility for the system. A sense of self must be accompanied by a sense of the systemic.

Consider four financial reforms that are helping to create this sense of the systemic and thereby rebuild trust in the system.

First, ending Too-Big-To-Fail

Perhaps the most severe blow to public trust was the revelation that there were scores of too-big-to-fail institutions operating at the heart of finance. Bankers made enormous sums in the run-up to the crisis and were often well compensated after it hit. In turn, taxpayers picked up the tab for their failures. That unjust sharing of risk and reward contributed directly to inequality but – more importantly – has had a corrosive effect on the broader social fabric of which finance is part and on which it relies.

By replacing such implicit privilege with the full discipline of the market, social capital can be rebuilt and economic dynamism increased.

The leaders of the G20 have endorsed measures to restore capitalism to the capitalists by ending too-big-to-fail and, in response, the *Financial Stability Board (FSB)* has identified systemically important institutions; made them subject to higher standards of resilience; and developed a range of tools to ensure that, if they do fail, they can be resolved without severe disruption to the financial system and without exposing the taxpayer to loss.

The basic point is that all market participants, large and small, should recognise that market integrity is essential to fair financial capitalism.

This is the year to complete that job. Governments must introduce legislative reforms to make all systemically important companies, including banks, resolvable. Jurisdictions must also empower supervisors to reach agreements for credible cross-border resolution plans. The *FSB* is developing proposals, for the G20 summit in Brisbane, on total loss absorbing capacity for institutions, so that private creditors stand in front of taxpayers when banks fail. In addition, we are working with industry to change derivative contracts so that all counterparties stay in while resolution of a failing firm is underway.

Second, creating fair and effective markets

In recent years, a host of scandals in fixed income, currency and commodity markets have been exposed. Merely prosecuting the guilty to the full extent of the law will not be sufficient to address the issues raised. Authorities and market participants must also act to re-create fair and effective markets.

In the *Bank of England's* view, changes to both the hard and soft infrastructure of markets will be required. Examples of the former include reforming the calculations of benchmarks such as Libor or the daily foreign exchange fixes. The upcoming *FSB* report on these issues, co-chaired by the *Financial Conduct Authority's (FCA)* Martin Wheatley and the *Federal Reserve's* Jeremy Stein, will be decisive in this regard. Consideration should also be given to increasing pre- and post-trade transparency in a host of fixed income markets and accelerating the G20 pledge to move the trading of all standardised derivatives onto electronic exchanges and platforms.

Such changes are vital, but they cannot anticipate every contingency or discipline every miscreant.

The scandals highlight a malaise in corners of finance that must be remedied. Many banks have rightly developed codes of ethics or business principles, but have all their traders absorbed their meaning? A first step to restore trust in markets might be to rely on traders' intuitive understanding of what makes a true market. Consideration should be given to developing principles of fair markets, codes of conduct for specific markets, and even regulatory obligations within this framework. There should be clear consequences including professional ostracism for failing to meet these standards.

The basic point is that all market participants, large and small, should recognise that market integrity is essential to fair financial capitalism. Confidence in the integrity of those markets needs to be reinforced alongside genuine competition to ensure that the needs of end customers are properly and effectively served. Doing so will reinforce the City's well-deserved reputation as the world's leading financial centre, with the most effective and efficient markets.

Third, reforming compensation

Dominic Barton and Mark Wiseman (2014) have detailed the need for long-term thinking by concentrating on shareholder incentives. A related lesson of the crisis was that compensation schemes that delivered large bonuses for short-term returns encouraged individuals to take on too much long-term and tail risk. In short, the present was overvalued and the future heavily discounted.

To align better incentives with the long-term interests of the firm – and, more broadly, society – major changes are underway. At the request of G20 Leaders, the *FSB* has developed the principles for sound compensation practices to align incentives with long-term risks. Here in the UK, the *Bank of England* has adopted a new code for banks prescribing deferred variable performance payments, introducing the ability to reduce deferred bonuses when subsequent performance reveals them not to have been fully deserved, and paying bonuses in stock rather than cash.

The deferral of bonuses awarded today allows them to be reduced before they are paid if evidence emerges of employee misconduct, error, failure of risk management or unexpectedly poor financial performance by the individual, their team or company.

We are continuing to refine our approach. *The Bank [of England]* has just completed a consultation on a requirement for variable remuneration to be clawed back *after* payment and will consult later in the year on new standards for bonus deferrals.

These provisions will apply not only to employees who are judged culpable directly, but also to others who could reasonably have been expected to identify and manage risks or misconduct but did not take steps to do so, and senior executives who could reasonably be deemed responsible by establishing the culture and strategy of the organisation. Where problems of performance or risk management are pervasive, bonuses should be adjusted for whole groups of employees.

Of course, no compensation package can fully internalise the impact of individual actions on systemic risks, including on trust in the system.[19] To do so, market participants need to become true stakeholders. That is, they must recognise that their actions do not merely affect their personal rewards, but also the legitimacy of the system in which they operate.

Fourth, building a sense of vocation and responsibility

To build this sense of the systemic, business ultimately needs to be seen as a vocation, an activity with high ethical standards, which in turn conveys certain responsibilities.

It can begin by asking the right questions. Who does finance serve? Itself? The real economy? Society? And to whom is the financier responsible? Herself? His business? Their system?

The answers start from recognising that financial capitalism is not an end in itself, but a means to promote investment, innovation, growth and prosperity. Banking is fundamentally about intermediation – connecting borrowers and savers in the real economy.

In the run-up to the crisis, banking became about banks not businesses; transactions not relations; counterparties not clients. New instruments originally designed to meet the credit and hedging needs of businesses quickly morphed into ways to amplify bets on financial outcomes.

When bankers become detached from end-users, their only reward becomes money. Purely financial compensation ignores the non-pecuniary rewards to employment, such as the satisfaction from helping a client or colleague succeed.

This reductionist view of the human condition is a poor foundation for ethical financial institutions needed to support long-term prosperity. To help rebuild that foundation, financiers, like all of us, need to avoid compartmentalisation – the division of our lives into different realms, each with its own set of rules. Home is distinct from work; ethics from law; the individual from the system.[20]

When bankers become detached from end-users, their only reward becomes money. Purely financial compensation ignores the non-pecuniary rewards to employment, such as the satisfaction from helping a client or colleague succeed.

This process begins with boards and senior management defining clearly the purpose of their organisations and promoting a culture of ethical business throughout them. Employees must be grounded in strong connections to their clients and their communities. To move to a world that once again values the future, bankers need to see themselves as custodians of their institutions, improving them before passing them along to their successors.

In the UK, two important initiatives are in train to help accomplish these ends.

The first is a new regime for regulating the senior-most managers of banks. That regime, proposed by the *Parliamentary Commission on Banking Standards* and now being established by the *Bank of England* seeks to reverse the blurring of the link between seniority and accountability that has developed over the years.

Its underlying principles are relevant across the financial sector. People who run major firms should have clearly defined responsibilities and behave with integrity, honesty and skill regardless of whether they work for global investment banks, regional building societies or insurance companies.

We are now considering a similar regime for senior persons in the insurance sector. This does not mean applying the banking regime indiscriminately. For one thing there is no statutory provision for applying a "reverse burden of proof" in insurance. For another, Solvency II requires us to monitor the fitness and propriety of a broader range of staff than in banks. In coming months we will build on the provisions of legislation to produce a regime that in spirit is aligned with the standards to which we hold bankers, but that in practice is a tailored approach for insurers. It will combine accountability with efficiency.

Ultimately, of course, social capital is not contractual; integrity can neither be bought nor regulated. Even with the best possible framework of codes, principles, compensation schemes and market discipline, financiers must constantly challenge themselves to the standards they uphold.

A meaningful change in the culture of banking will require a true commitment from the industry. That is why a second initiative, the creation of the *Banking Standards Review Council (BSRC),* is particularly welcome.[21] This new independent body, again proposed by the *Parliamentary Commission,* is designed to create a sense of vocation in banking by promoting high standards of competence and behaviour across the UK industry.

The *BSRC* will complement the work of regulators by setting out a single principles-based code of practice, based on the high-level principles now being considered by the *Prudential Regulation Authority* and *FCA*. Among other things, this should aim to guide behaviour in the face of conflicts of interest or of moral ambiguity. It will also identify activities where voluntary standards of good practice would be in the public interest, and work with industry to develop them. And it will engage with banks to establish good practice in developing the competence and training requirements of staff covered by the *Certified Persons* regime.

A prime objective of the *BSRC* will be to help individual banks and building societies to drive up standards of behaviour and competence through a process of internal and external assessment. It will work with banks to encourage a process of continuous improvement, and regularly assess and disclose the performance of each bank under the three broad headings of culture, competence and development of the workforce, and outcomes for customers.

The *BSRC* is an important sign of banks' recognition of the need for change. Its impact over time will be a crucial test of the industry's commitment to that change.

Conclusion

By encouraging enterprise and rewarding individual initiative, market-based economies provide the essential conditions for economic progress. But social capital must be maintained for that progress to be consistently delivered. The combination of unbridled faith in financial markets prior to the crisis and the recent demonstrations of corruption in some of these markets has eroded social capital. When combined with the longer-term pressures of globalisation and technology on the basic social contract, an unstable dynamic of declining trust in the financial system and growing exclusivity of capitalism threatens.

To counter this, rebuilding social capital is paramount.

Financial reform is now helping. Globally systemic banks are simplifying and downsizing. Some are de emphasising high-profile but risky businesses that benefited employees more than shareholders and society. Authorities are working feverishly to end too-big-to-fail. The structure of compensation is being reformed so that horizons are longer and rewards match risk. Regulation is hard-wiring the responsibilities of senior management. And new codes are seeking to re-establish finance as a true profession, with broader societal obligations. A welcome addition to these initiatives would be changes to the hard and soft infrastructure of financial markets to make them dynamic and fair.

Through all of these measures, finance can help to deliver a more trustworthy, inclusive capitalism – one which embeds a sense of the systemic and in which individual virtue and collective prosperity can flourish.

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In addition to his duties as Governor of the Bank of England, he serves as Chairman of the Financial Stability Board (FSB), First Vice-Chair of the European Systemic Risk Board, a member of the Group of Thirty and the Foundation Board of the World Economic Forum.

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He received a bachelor's degree in Economics from Harvard University in 1988. He went on to receive a master's degree in Economics in 1993 and a doctorate in Economics in 1995, both from Oxford University.

After a thirteen-year career with Goldman Sachs in its London, Tokyo, New York and Toronto offices, Mark Carney was appointed Deputy Governor of the Bank of Canada in August 2003. In November 2004, he left the Bank of Canada to become Senior Associate Deputy Minister of Finance. He held this position until his appointment as Governor of the Bank of Canada on 1 February 2008. Mark Carney served as Governor of the Bank of Canada and Chairman of its Board of Directors until 1 June 2013.

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[1] *See Ostry, Berg and Tsangarides (2014).*

[2] *See Alesina, Di Tella and MacCulloch (2004); Wilkinson and Pickett (2009).*

[3] *In 31 of the 39 countries surveyed by Pew Research in 2013, half or more of the population believed inequality to be a "very big problem" in their societies (Pew Research Center, 2013).*

[4] *The Gini coefficient pertaining to household disposable income rose from 0.26 in 1961 to 0.36 in 2008 in the UK, and from 0.39 to 0.46 over the same period in the US, according to data collected by Atkinson and Morelli (2014). Those data show this to be a common pattern across many advanced economies. In emerging markets, Gini coefficients remain high relative to the average for OECD countries, and rose between the 1990s and 2000s for India, China and the Russian Federation, though falling for Brazil (OECD, 2011a). The share of income received by the top 1 per cent of the population has also risen since the 1980s across many industrialised countries, including Australia, Canada, the United Kingdom and the United States (Atkinson and Morelli, 2014).*

[5] *See Autor, Katz and Krueger (1998) and Autor, Katz and Kearney (2008). For example the last 60 years have seen US returns to education rise despite a large increase in the supply of more educated workers. And there is evidence that increases in the employment of more skilled workers between the 1970s and the 1990s were greater in more computer intensive industries.*

[6] *As Michael Lewis has remarked, "Success is always rationalized. People really don't like to hear success explained away as luck – especially successful people. Lucky [to] live in the richest society the world has ever seen, in a time when no one actually expects you to sacrifice your interests to anything." Lewis (2012).*

[7] *See for example Corak (2013), who finds that the elasticity of a son's adult earnings with respect to his parents' earnings – the "intergenerational elasticity" – rose from 0.3 to around 0.55 between 1950 and 2000 in the US, indicative of a decline in social mobility. Corak has also shown that the intergenerational earnings elasticity tends to be higher in more unequal countries; a phenomenon termed the "Great Gatsby Curve" by Alan Krueger (2012).*

[8] *Government spending has increased in most countries around the world since the 1960s, reflecting increased spending on social protection, education and healthcare (IMF, 2014). And, looking forward, all OECD countries face increased budgetary pressure due to expected increases in age-related healthcare, long-term care and pensions (OECD, 2011b, Table 1.1). Merola and Sutherland (2012) analyse long-run fiscal sustainability in the context of these budgetary pressures.*

[9] *E.g. Putnam (2001).*

[10] *For a similar list see Shanmugaratnam (2013).*

[11] *Padoa-Schioppa (2010).*

[12] *Sandel (2012).*

[13] *See Martin (2012), also Lewis (2014).*

[14] *For example, using data on over 30,000 households in 38 countries, Easterly and Fischer (2001) find that the poor are more likely than the rich to mention inflation as a top national concern. Moreover, higher inflation is associated with greater income inequality in cross-country data (Albanesi, 2007). Financial crises in developing countries are associated with an increase in poverty and, in some cases, income inequality – see for example Baldacci, de Mello and Inchauste (2002). OECD (2013) documents an increase in market income inequality over the period 2007 2010 across developed countries, and reports with respect to the top and bottom 10% of the income distribution that "lower income households either lost more from income falls or benefitted less from the often sluggish recovery." In general it is likely that adverse income and employment shocks hurt the poor the most, for example because they lack the ability to hedge against these shocks and may lack access to credit markets to smooth them. Even if crises have a neutral effect on income inequality, the poor are much less able to absorb a cut in income (Honohan 2005).*

[15] *For an assessment of the distributional effects of the Bank of England's asset purchases, see* http://www.bankofengland.co.uk/publications/Documents/news/2012/nr073.pdf.

[16] *See Oreopoulos, von Wachter and Heisz (2012).*

[17] *See Abel, Deitz and Su (2014).*

[18] *Yellen (2012).*

[19] *More fundamentally, to think that compensation arrangements can ensure virtue is to miss the point entirely. Integrity cannot be legislated, and it certainly cannot be bought. It must come from within. See Carney (2013).*

[20] *As the CEO of TD Bank, Ed Clark, observed, "Bank leaders created cultures around a simple principle: if it's legal and others are doing it, we should do it too if it makes money. It didn't matter if it was the right thing to do for the customer, community or country." See Clark (2012).*

[21] *Sir Richard Lambert's Review was commissioned by the Chairmen of Barclays, HSBC, Lloyds, Nationwide, RBS, Santander and Standard Chartered in response to the recommendations of the Parliamentary Commission on Banking Standards. See* http://www.bankingstandardsreview.org.uk/.

A Canadian View of Income Inequality and its International Implications

Alan Broadbent *(www.maytree.com)*

I recently wrote that the problem with poor people is they don't have enough money. That sounds like a quip but in fact it is true.

As attention is being focused on inequality, the wealth gap between the top and bottom has been exposed to a wide audience, beyond the normal poverty analysts and policy wonks. The now famous One Percent at the top has been in the spotlight. Various remedies have been offered to moderate extreme CEO pay packages, tax high incomes, or urge the rich to robust philanthropy. In all likelihood though the impact of such measures to remediate the wealth gap would be modest.

But attention is beginning to shift to what is the basis of the problem, and that is too many have too little money, even many fully employed people. Many of them are victims of decades of driving down wage rates as a way of finding efficiency in the production of goods and services. Often the price of a 99 cent burger or a $5 tee shirt is the 99 cent or five dollar wage. Perversely, this is the low-end analog to the observation of Henry Ford a century ago that he wanted to pay his workers well enough that they could afford to buy one of his automobiles. Now we pay them little enough that they can only afford the bargain burger or shirt.

Many… are victims of decades of driving down wage rates as a way of finding efficiency in the production of goods and services. Often the price of a 99 cent burger or a $5 tee shirt is the 99 cent or five dollar wage.

In Canada a number of people have pointed out the folly of wage practices that result in two-thirds of the population being unable to participate in the economy, essentially living paycheque to paycheque or always on the edge of financial insecurity. There is a very real risk of falling into poverty, as a result of a failed employer, an injury or illness, a marriage break up, or another piece of bad luck. This results in a tremendous dead weight on the economy that hurts everyone.

Another factor depressing wages is the decline of collective bargaining. The aggressive assault on labour unions by the corporate sector and conservative governments in recent decades has achieved their goals of reducing the number of workers covered by union contracts, and depressing wage rates resulting from collective bargaining.

A significant proportion of the poor population in any country are people living with disabilities, including physical and mental health issues as well as diseases, including addictions. These disabilities prevent people from getting and holding jobs, and often exclude or push them to the margins of the labour market. They appear in high numbers on welfare rolls.

As do single parents, mostly women, who must place the care of children over working in the paid labour market.

A significant proportion of the poor population in any country are people living with disabilities, including physical and mental health issues as well as diseases, including addictions.

These conditions have led to low levels of family income. For Canadian families, dreams of an iPad, a warm winter vacation, or a new car become reality for only about a third of the population. Ambitions to own a home within a reasonable distance of work become attainable at later and later ages for most in our biggest cities because it is taking longer to accumulate the needed savings.

Many countries have income support programs to boost low incomes. In Canada we have benefits aimed at children, seniors, people with disabilities, and other specific populations. When these programs

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are designed a target is identified, either explicitly or not, which would remediate the low income problem in question. What would it take for a family to raise a child successfully; how much does a senior need to live out life in dignity? But in most countries, those targets are unmet. For example, in Canada the Canada Child Tax Benefit is funded at only 65% of its target, even 20 years after its inception; the Working Income Tax Benefit, aimed at the 'working poor', is funded at only 25% of its target.

Despite being underfunded, we know that most of these benefits work. The CCTB has reduced child poverty by 40%; the Guaranteed Income Supplement component of the Canada Pension Plan, aimed at low income seniors, reduced senior women's poverty from 68% to 16%, and senior men's poverty from 56% to 12%. The Ontario Child Benefit, a provincial component of the CCTB, has reduced the percentage of single women on welfare rolls from 50% to 15%.

Good public benefits work best when they are income tested. 'Refundable' tax credits work as tax deductions for those with taxable income, gradually disappearing as incomes rise, and as income supplements for people without taxable income. A fully funded refundable tax credit is a powerful instrument to raise people out of poverty and enable them to participate in the economy. And they provide resilience to someone who has tumbled into poverty through one of life's vagaries (bankrupt employer, accident, etc.), preventing them from having to strip their assets as they get back on their feet. As such, they are effective contributors to a dynamic economy. Leveraging the large fiscal capacity of governments for prosperity is good public policy.

Other measures can also be effective.

Around the world, the *'Living Wage'* movement is addressing incomes at the lower end. In the UK, the non-profit *Citizens UK* has led the charge to get employers to set their wage rates well above minimum wage rates. They get employers to sign up to participate, and make a commitment to "rolling out the *Living Wage* in the supply chain." One prominent champion is London Mayor Boris Johnson who has said that "paying the London Living Wage ensures hard-working Londoners are helped to make ends meet."

In Canada, community groups are leading the push for a living wage. In Vancouver, Hamilton, Guelph, and Toronto, campaigns are underway, with more and more cities coming on board. Living wage will be one of the topics at May's poverty reduction summit in Ottawa where Canada's provinces and territories, and over 100 cities will be working together on their poverty reduction strategies.

In the US there are 'living wage ordinances' where cities mandate that businesses under contract with the city or, in some cases, receiving assistance from the city, must pay their workers a wage sufficient to support a family financially. Cities include San Francisco, Sante Fe, Albuquerque, Boston and Baltimore.

New Zealand also has a living wage campaign.

Also critical to raising the lower end of the wage scale is the protection of workers vulnerable to unscrupulous employers. *The Workers Action Centre* in Toronto is an effective agency which urges governments to improve their monitoring of workplace abuses such as withholding pay or firing workers just before the end of a pay period and refusing to pay them knowing the worker is unlikely to pursue them in court. Such abuses are disappointingly common, and governments under fiscal constraints have often cut back monitoring and enforcement of labour laws.

With so much attention turned to income inequality, it is important to focus on solutions. Many of them will require that governments and employers do more to boost incomes either through wages or through income supports like benefits and pensions. Some will cost relatively little such as improving labour law enforcement.

What has become crystal clear in recent years is the costs of doing nothing. We now have massive piles of evidence on the bad social outcomes of poverty which only increases the costs across society in health care, the criminal justice system, education, and labour market absenteeism and turnover.

While some are keen to discipline excessive salaries at the top of the range, the real problem is the low incomes at the bottom, and that is where the solutions must begin. The good news is that we have many promising ideas that are ready to be implemented.

What is the role of the philanthropist? One thing is certain: philanthropy itself is not the answer. All of the assets held in charitable and foundation funds combined in any country would only narrow the inequality gap marginally, even if the holders of those assets were inclined to act. It is doubtful many would be so inclined, in that much of the assembled capital likely came from the same paradigm which produced the inequality.

But some would be inclined to act, and they would be best to aim their funds at system change. First target might be to have government income support programs fully funded to help people and stimulate the economy. (Low income people spend money in the economy on the necessities of life like housing, food and clothing, so a dollar in is a dollar recirculated.) Or they might encourage local governments to adopt living wage policies to govern their arrangements with suppliers and contractors.

A second target might be the employer community, encouraging them both to pay their lowest earners a living wage, and to lower the ratio between their lowest and highest salaries. In this regard, large philanthropic capital pools might align their social purpose and their investment portfolio to make sure they are investing in companies who are ‘walking the talk’ on inequality.

Someone once remarked that the problem charitable donors have with ‘mission based investing’ is that few of them have missions. It would be wonderful to think that there is a growing number of donors willing to make the remediation of inequality their mission. I am keeping my eye peeled for them here in Canada.

Alan Broadbent is Chairman and Founder of Maytree, and Chairman and CEO of Avana Capital Corporation. He co-founded and chairs the Caledon Institute of Social Policy, Tamarack – An Institute for Community Engagement, Diaspora Dialogues, and the Institute for Municipal Finance and Governance at the Munk Centre, University of Toronto. In addition, Alan is a Director of Sustainalytics Holdings B.V., Senior Fellow and Governing Board member of Massey College, Member of the Governors' Council of the Toronto Public Library Foundation, and Member of the Order of Canada and recipient of the Queen's Diamond Jubilee Medal. Alan is the author of Urban Nation: Why We Need to Give Power Back to the Cities to Make Canada Strong, and co-editor of Five Good Ideas: Practical Strategies for Non-Profit Success, and was awarded an honorary Doctor of Laws degree from Ryerson University in 2009.

Economic Contribution of Philanthropy:
A Critical Analysis

Vicky Pryce *(www.cebr.com, www.vickypryce.com)*

Much has been written about the economic contribution of philanthropy. Giving apparently makes people happier and as such should be encouraged as a general improvement in wellbeing is a 'good thing'.

Of course if the money is allocated to good causes it helps improve overall welfare. It can thus create social benefits but also economic ones - a 2012 study for the *Philanthropic Society* in the US, for example, has estimated that if all direct short term and longer term impacts of some $37.85b of domestic foundation grants in 2010, which are only a part of the philanthropy market there, had created 500,000 direct jobs in that year, rising to 1million within one year if all direct and indirect and short and longer term linkages were included. In addition they estimated that the benefits to the US economy are long lasting, leading to better healthcare, enhanced educational opportunities and a better quality of life.

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Similar impacts can probably be calculated in other countries where donations are significant. But the use of standard economic techniques to translate the total amount spent into number of jobs created by using direct, indirect and induced multipliers may not give us the whole picture here.

First of all what exactly are we measuring? Converting the money or time donated into a percentage of GDP and therefore assigning it a status as contributing that amount to the economy is debatable. To what extent is it additional? Much of it may have been facilitated by less tax paid by the individual or corporation concerned in the first place because of this donation, and, as such, has already reduced the contribution to the economy's GDP. Depending on how it is spent, if it either 'vanity' giving – say naming a university department after your name, or addressing a cause close to the heart of the funders – like the Gates. This may not represent the best use of resources. That is the case even if it can be classified as investment if it goes to enhance skills say or assist innovation in the creative sector or develop a cancer treatment.

Using tax receipts or relative cheaply raised public sector debt to pay for things like cancer research from a central government budget could arguably prove better value for money. It could also be enhancing wellbeing more than the same money spent on tackling a cause without necessarily having done a proper cost benefit analysis at the start.

And the inefficiencies in the system can be huge. Charities are not the world's best run entities. There is concern that the administrative and fundraising efforts often eat up too much of the overall funding that is eventually raised. Kurt Hoffman in 2013 estimated that on that basis some 33%, or £125b raised by charities between 2010 and 2012, was 'wasted'. In fact one study calculated that the cost of raising funds, if all effort is costed, can be much more expensive than paying interest on a bank loan to raise that same amount.

Charities are also often in need of specialist support to operate more efficiently. The *Cass Business School* has been studying this and channelling pro-bono support to the third sector through its *Centre for Charity Effectiveness,* supported by many of my colleagues in the *Worshipful Company of Management Consultants* of which I was Master a few years ago. Millions of pounds worth of advice on areas such as governance, leadership and management and strategic thinking are given away free each year to organisations and individuals in the not for profit sector. Similarly *Pro-Bono Economics,* a charity set up a few years ago by senior economists in the private and public sector, also gets engaged in providing support. It assigns individual volunteer economists or accesses consulting firms willing to do so to work with charities. They are then mostly, though not exclusively, involved in conducting evaluations to demonstrate the impact of the charities' or their social enterprises' activities and they assist with their ability to tap funds - either in the form of grants or as contractors to the government.

Even if this type of help removed some of the inefficiencies of the system, there would still be questions about assigning a value to these activities. Using an estimate of likely jobs created by the amount of donations made may not be a particularly good measure. Some jobs may be less productive than others especially if they are the result of lots of disparate activities going on, often competing with each other for the same general cause. Coordination may be best. And there are similar problems with estimating the contribution to the economy of other aspects of philanthropy such as volunteering. This has become a hotly debated issue in the UK following the Conservative party pre-election manifesto pledge to give the right to workers to an extra 3 days off for volunteering on full pay.

But we can't easily observe the output of volunteers. Andy Haldane, Chief Economist at the *Bank of England,* in a talk he gave to *Pro-Bono* Economics in 2014 used *Office of National Statistics* methodology which looks at the value of labour input into these activities as a proxy for their market value. By estimating the number of hours put in by volunteers and multiplying them by the median hourly wage paid in the areas where most volunteering takes place the *ONS* calculates that volunteering was equivalent in 2012 to some 1.5% of GDP. And this without taking into account the wider private and social benefits of doing this volunteering.

By estimating the number of hours put in by volunteers and multiplying them by the median hourly wage paid in the areas where most volunteering takes place the ONS calculates that volunteering was equivalent in 2012 to some 1.5% of GDP

But how productive is that time? It is possible of course that because the individuals who are volunteering are enthused they will work harder and be extra productive. The opposite of course may be the case as these volunteers are amateurs in general in terms of fundraising say, or planting trees, and a lot of time may be wasted. And although they may acquire better communication and team working skills as a result, they may have acquired even better skills in areas where they have a greater expertise already or where the immediate results may have been more wealth creating. Therefore the opportunity cost may be very high.

This could again be tempered by the fact that the pleasure of giving something back may be making workers more productive when they are back doing their day jobs. But if they volunteer at a time paid for by the firm, this is an extra cost to companies which would need to be compensated for by either raising prices to the consumers or hiring fewer people – or making less profits and paying lower salaries and dividends.

So, basically – we just don't know. And it is here that I declare a sympathy with Professor Michael Porter's argument that where philanthropy is most effective it is where it is a strategic 'corporate philanthropy' that enhances the standing and product offering of a firm while seeing wider economic benefits and company profitability go hand in hand. It is a similar principle to the thought that complying with the norms of corporate social responsibility, which could include 'strategic volunteering' to assist the local community for example, is not against profit making. Instead, properly done it enhances it.

Of course, there are many causes which individuals feel passionately about and where funds are given to organisations to pursue them - such as encouraging society to tackle climate change or highlighting the problems created by rising inequality. Here too strategic thinking helps hugely to increase the chance of success. At the very basic level, a lack of planning and evaluating the risks of failure causes a loss to society in terms of the money and time spent pursuing the cause if nothing comes of it. It could all have been spent elsewhere or differently to better effect. Arguably it is even worse if foundation money is used to lobby for a cause based on passion and instinct – or self-interest, rather than proper cost benefit analysis, particularly if it pushes for and succeeds in achieving a sub-optimal solution that ends up being detrimental to economic growth and to society's wellbeing. The fact that it may have made people feel better as a result, for a while at any rate, is not a sufficient compensation.

where philanthropy is most effective it is where it is a strategic 'corporate philanthropy' that enhances the standing and product offering of a firm while seeing wider economic benefits and company profitability go hand in hand.

It is obvious that not everyone can do this well. Much of what is termed 'strategic philanthropy', in other words ensuring that activities are focussed on what Paul Brest in an article in April 2015 describes as 'addressing solutions' has been criticised because of charities' and foundations' inability often to undertake the right analysis; ensure that staff in their organisation and the communities where they may want to operate or those involved in the causes they want to pursue are properly engaged in that strategy; being prepared and having the capacity to assess the risks of failure; and monitor the impact of their strategy. Big corporates are used to this. This is much more where the focus should be as the other softer benefits of philanthropy and volunteering, though obviously valuable in themselves, are much more difficult to pinpoint and measure. And the rest of the spending in what should be a 'public good', like cancer research may be more effectively provided by the government which at present absolves itself of the need to do so in the right quantities by the philanthropy industry's enthusiasm in filling the gap.

Vicky Pryce is Chief Economic Adviser at the consulting firm CEBR. Vicky was previously Senior Managing Director at FTI Consulting, (2010-2013), Director General for Economics at the Department for Business, Innovation and Skills (BIS), (2002-2010) and Joint Head of the UK Government Economic Service. Before that she was Partner at London Economics and Partner and Chief Economist at KPMG after holding senior economic positions in banking and the oil sector. At various stages in her career she has held a number of academic posts, including Visiting Professorships at Queen Mary University, London, Imperial College Business School and Cass Business School. She has also served on the Council of the Royal Economic Society, a Visiting Fellow at Nuffield College, Oxford, on the Council of the University of Kent and on the Court of the London School of Economics. She was also a trustee of the RSA.

She is currently a Fellow of the Society of Business Economists, an Academician of the Academy of Social Sciences, on the Council of the Institute for Fiscal Studies, on BIS' Panel for Monitoring the Economy, on the City AM's shadow monetary policy committee, a Visiting Professor at the Guildhall Faculty of Law and Business of London Met University and at Birmingham City University, a Patron of Pro-Bono Economics and of the charity Working Chance and she also sits on the Advisory Board of the central banking think-tank OMFIF. She co-founded GoodCorporation in 2000, a company set up to promote corporate social responsibility and in 2010-11 served as Master of the Worshipful Company of Management Consultants. She has also been the author of numerous publications. She is co-author with Andy Ross and Peter Urwin of: It's the Economy Stupid, Economics for Voters, Biteback Publishing, 2015.

Poverty & Inequality in the Capital
Understanding the Issues, Finding Solutions

Steve Kerr *(www.trustforlondon.org.uk)*

More often than not, when 'London' and 'inequality' are mentioned in the same breath, it's to draw a distinction between the capital as 'economic powerhouse' and struggling regions further north.

Such broad-brush comparisons are useful up to a point, but the image of London as the capital of wealth and success misses the vast and growing inequalities within the city. In fact, those at the bottom of the income ladder in London own less and earn less (after taking account of housing costs) than their equivalents in the rest of the country.

Steve Kerr

Part of our role is to challenge the narrative of 'London versus the rest', and to foreground the sharp contrasts within our city. As hackneyed as it is to describe London as a city of extremes, it is astonishing to reflect on how severe those extremes are.

A recent project led by the *London School of Economics* and funded by the *Trust for London* examines the changing anatomy of economic inequality in London, comparing snapshots of various measures pre- and post-2008 downturn; and comparing patterns in London with the rest of the country.

It found that those at the bottom of income distribution in are worse off in terms of income and wealth than their counterparts in the rest of the country. Weekly household incomes after housing costs for poor Londoners (at the 10th percentile) fell by nearly 20% over the downturn, from £139 to £112 between 2007/08 and 2012/13. This was a far greater drop in percentage terms than other Londoners, or the poor in the rest of the country (whose after housing cost incomes fell from £171 to £161 over the period).

Meanwhile, Londoners at the top enjoy much greater wealth than the wealthy elsewhere. Between 2006/08 and 20010/12, London households at the top of the wealth distribution (at the 90th percentile) saw their financial and property wealth increase by 26%, equivalent to over £150,000. Total personal wealth (including pension wealth) at the 90th percentile is now well over £1m - nearly £200,000 higher than the equivalent figure for the rest of the country. Total personal wealth for Londoners at the 10th percentile, meanwhile, is just £6,300, less than half the equivalent figure for the rest of the country.

A similar pattern of stark inequality and 'hollowing out' is observed over a longer period in the recent London Mapper analysis by Prof Danny Dorling and Benjamin Hennig. Looking back thirty years, they found that the proportions of Londoners qualifying either as 'poor' (people living below a relative poverty line such that they are excluded from participating in the norms of society) or 'wealthy' (with housing wealth exceeding the inheritance tax threshold) have both grown dramatically – in both cases by 80%. Over the same period, the proportion of the Londoners in the middle fell from 64.7% in 1980 to 37.1% in 2010.

Trust for London invests around £7 million per year across a range of priorities. We are well aware that, as much as our funding is vitally important to the organisations we support, it pales in comparison with total combined pool of charitable and public funds spent tackling social issues in London. We therefore take great care to maximise the impact of our funding, putting a great deal of thought into developing our funding priorities and assessing grant applications.

Our focus is by no means exclusively on economic inequality and exclusion. In recent years we have concentrated significant grant funding on community based prevention work addressing female genital mutilation (FGM), disability hate crime, child sexual exploitation, and trafficking. Nevertheless, we seek to support approaches which tackle the roots causes of poverty and inequality which do not duplicate other funders, and which have a real chance of making a difference by influencing policy, practice, and public attitudes.

Many of the root causes of income poverty, for example, are not all that mysterious: unemployment, underemployment, and low pay. Employment remains one of our key priorities but is a very crowded area from a funding perspective, with millions of pounds of public money spent on support for the unemployed every year (to varying effect). Our challenge is to identify and support new approaches.

Some groups are disproportionately affected, for example women, Pakistani and Bangladeshi Londoners, young people, and part-time workers.

Increasingly, this has meant that we have focused not on unemployment per se, but on low pay. Our *London's Poverty Profile* research has shown that low pay and precarious work conditions are driving the growth in poverty: more Londoners in poverty now live in household where someone is working (well over 1 million), than in workless households. Despite this, low pay receives less attention from policy makers and media than it deserves.

We have long been supporters of the *London Living Wage* campaign, encouraging employers to pay their workers at a level that allows them to have an adequate standard of living. Despite the great success of the campaign (by some estimates it has put over £200 million in the pockets of low paid workers), a quarter of London's workers are still paid below the living wage. Some groups are disproportionately affected, for example women, Pakistani and Bangladeshi Londoners,

young people, and part-time workers. As a result we've funded further work to determine a statutory minimum wage for London, following the lead of San Francisco and other US cities. This would be lower than the living wage but higher than the national minimum wage: a step in the right direction and strengthening protection for the lowest paid.

More recently we've turned our focus to enabling low-paid workers to increase their earnings. This began with a significant report, Work In Progress, describing the nature and scale of the low pay problem and presenting evidence of 'what works' in pay progression. We have just launched a joint special initiative with Lambeth-based *Walcot Foundation,* which will fund pilot pay progression projects. These will be managed more closely than our usual grants and will share learning as they go, with a view to producing a programme-wide evaluation robust enough to influence wider policy and practice.

Housing costs (together with transport and childcare costs) are another key driver of both poverty and inequality in London. Here again, our *London's Poverty Profile* research highlighted the growing concentration of poverty among Londoners who are privately renting. Over the last decade the number of people in poverty in the social rented sector has fallen, while poverty among private renters (who are now a greater proportion of those in poverty in London than social renters) has grown. This is due in no small measure to the declining levels of social housing stock (falling consistently since the 1980s), which in previous generations provided a home for low-income families.

Clearly more genuinely affordable housing stock is needed, but we are in no position to address that issue head-on. Instead, we think can make a difference by improving conditions for private renters on lower incomes. We are funding research into the role that local authorities can play in regulating private landlords, and funding grassroots private renters' rights organisations to coordinate a collective voice for this diverse, chronically underrepresented, and growing group.

While few disagree on the need to tackle poverty, there is much less of a consensus (and, perhaps, fewer ideas), on the best ways to tackle inequality. Evidence of this can be seen in the response to proposals to curb excessive corporate pay, tighten non-domicile tax rules, or impose a property tax on prime properties.

Yet while London has always been home to the very wealthy and the very poor, the gaps have been widening dramatically in recent years, doing real damage to our social fabric: in 1999/01 the difference in life expectancy between the best and worst boroughs was 5.4 years for men, and 4.2 years for women, but by 2007/09 it had increased to 9 years for men, and 8.5 years for women. The *LSE* figures quoted above make it clear that the relative resilience of the London economy and labour market through the downturn masked steadily growing inequality. Like its wealth, London's resilience is distributed unequally among its residents.

Led by *Toynbee Hall* and building on the work of various borough-level initiatives, in early 2015 we supported the establishment of the *London Fairness Commission.* The commission will investigate inequality in the capital, identify solutions, and report its recommendations in time for the 2016 Mayoral election. It's early days for this initiative, but Lord Victor Adebowale CBE, Jonathon Portes, Danny Dorling, and *Murphy Group's* Caroline Murphy have all come on board as commissioners.

We hope the commission will help to build broad support for a set of practical measures to reduce inequality in London. We expect that in time the project will shift the conversation forward, and have a tangible positive effect on the lives of Londoners.

Steve Kerr is a Grants Manager at Trust for London, specialising in income poverty, income inequality, and housing. Previously he has worked as Policy Manger at the London Voluntary Service Council and in the New Zealand public sector.

www.trustforlondon.org.uk
www.londonspovertyprofile.org.uk
www.londonmapper.org.uk
www.livingwage.org.uk

6570 Days to Make a Difference

Gina Miller *(www.millerphilanthropy.com)*

Gina Miller

When I was asked to contribute this article to *Philanthropy Impact*, I was delighted to share my thoughts but rather daunted by the enormity of the question. I am no philosopher, academic or social scientist but someone who has experienced a number of cultures, countries, social backgrounds and, as a philanthropist have worked with scores of selfless heroes within extraordinary small charities and social projects. Kind people consider me a driven philanthropist and this is because I believe that if I am fortunate enough to live to 80 years old, that would give me some 6,570 days on this earth in which to do the best for my children and for those who come after us.

I It is undeniable that the world has experienced unparalleled transformation and progress over the last 100 years. We have seen population explosion and astounding developments in science, technology and communications but we have also seen the rise of short-termism, blatant capitalism, an erosion of values and principles and, more recently, urban and religious tribalism, all of which are creating major problems, inequalities and imbalance.

The result is that we, mankind, have become the greatest threat and challenge of our time. Visit the world population clock website and it is alarming to see how quickly it clicks through to another birth. We have a global population of some 7.3 billion people all seeking instant gratification, depleting the resources of our planet and losing sight of the global social cost of behaviours. The resulting growth in poverty and inequality are symptoms of more fundamental challenges and are problems that are almost incomprehensible. We are experiencing global poverty, with over a billion people suffering each day and an estimated seven million children under the age of five dying each year. We have festering inequality feeding terrorism, social unrest and waves of national conflicts that threaten to drown out stable societies. And the common thread that runs through all these ills is that they take no account of national borders.

In my view, the biggest challenge is society itself. If you look at society as the ground we walk on, the foundations of modern society have been eroding as much as they have been advancing. The result is sinkhole societies where people disappear through the resulting symptoms of poverty, inequality, lack of social mobility, isolation and social injustice. Humanity has been resilient because it has exercised its two most powerful muscles – our brains and our hearts. But as society progresses and we have become spoon feed, materialistic and focussed on the short-term. The resilient strong foundations of ideas, virtues, values and responsibility – both individual and collective - are crumbling as we increasingly cease to exercise these muscles.

The result is that we, mankind, have become the greatest threat and challenge of our time. Visit the world population clock website and it is alarming to see how quickly it clicks through to another birth.

We have to rebuild these foundations, stabilise society and have a collective goal of achieving a true and fair society that tackles all the pathways that lead to the challenges we face. We are a very self-interested species, yet in times of crisis, we have shown resilience. We are only as strong as the most vulnerable among us.

But are our children learning about resilience, a balance between want and need? Are we evolving into a society of 'hand outs' instead of 'hand ups' where the once innate hunger for survival has been so dissipated that people no longer know how to be strong?

Without resilient, strong societies, future generations will be unable to face the challenges of ever increasing demands on ever decreasing supplies of finite resources of food, water, land, energy and even air. Add to this the problems of a global aging population, where by 2050, approximately two billion people on the planet will be aged over 65 (one fifth of the global population) and these issues become even more exigent.

Without the fostering of a collective consciousness and humanity, and a realisation, then acceptance, that those with the broadest shoulders and the deepest pockets, the top say 30%, may well be responsible for the remaining 70%, we may well see the markers of success or failure of our societies in the form of poverty and inequality become even more extreme.

The Language of Poverty and Inequality

To narrow my thoughts to the theme of the magazine, poverty and inequality discussions tend to be within a 'third world' context. But poverty and inequality are found in all societies, although the levels of visibility tends to vary. Charles Dickens wrote of a *'Tale of Two Cities'* in 1859, which depicts the plight of the demoralised. As a champion of social justice, his novels are underpinned with stories of poverty, inequality and injustice but these are not issues that only live in historic novels – they exist in all contemporary societies.

The relative versus the absolute conception of poverty is worthwhile touching on. The elimination of absolute poverty, where people have food, water, shelter and clothes are achievable to some degree.

But basic needs evolve over time and tend not to be the same across countries. Relative poverty tends not to be defined by basic needs but as a fixed proportion of the mean income of the population. A person's absolute standard of living is determined by income. In first world societies such as the UK, poverty tends to be determined by the rate of growth of the mean income of the population and the change in the distribution of income. It could be argued that we have forgotten what poverty is.

Global Challenges Demand Global Actions

My despair is that the challenges and threats to our society are so big that politicians and leaders should consider it their principal duty to confront and minimise them. This is unfortunately not the case for a number of reasons including insufficient understanding of the risks amongst both the general public and politicians, short-term thinking, which does not consider catastrophes which might well occur after the lifetime of present generations. And last but not least, we have politicians who are passionate about being leaders but not passionate and principled about leading people and their countries. Very few, if any, politicians consider themselves responsible for the future of humanity. Short-term national interests are what govern international negotiations concerning global risks.

The *United Nations* was established some seventy years ago to promote international cooperation but this had become a weak, celebrity adoring organisation that is in need of reform. Effective forms of global decision-making need the bringing together of great thinkers, philosophers, researchers, politicians, conscious capitalists and social justice leaders, to collate and evolve new ideas and models relating to the issues and challenges we face. We need to accelerate the establishment of an effective global governance system with the power to combat the global, catastrophic risks facing our future. We need global solutions, fairly and ethically executed nationally.

Historically, many ancient cultures have seen the sense of collaboration and collective problem solving, and operated with councils of elders and wise men. In more modern times, many have argued that such organisations are essential. The two incredible World Wars forced the world's statesmen to try, yet neither the *League of Nations* nor the *United Nations* has lived up to expectations.

In recent years, the debate has picked up again, particularly in academic circles. In particular, the climate threat means that new forms of global interaction are happening in order to bring about sufficiently effective decisions. Many conferences, negotiations and summit meetings are held, yet all fail to achieve acceptable results. Greenhouse gas emissions are on the rise, rainforest destruction and overfishing are continuing, and more and more countries now have weapons of mass destruction at their disposal.

Although the risks facing mankind as a result of current developments are increasing day by day, there are still no concrete political proposals as to how we can meet the need for effective global decision-making.

Rays of Hope

I recently came across a ray of hope from Edward de Bono, the father of lateral thinking, who is trying to urge such reform through education. His *Institute for the Design and Development of Thinking* at the *University of Malta,* is seeking to work with parents, teacher, schools communities and children to promote thinking, creativity and innovation. His view is that "In a system that is preparing children for jobs that do not yet exist or that may be obsolete by the time they finish school, what they really need is to learn how to think, adapt, and recognise opportunities".

My work with charities and the extraordinary people I have met throughout my life, who work tirelessly for the good of others, makes me believe we are at our best when we use our heads and our hearts together. I believe we can live ethical and fulfilling lives on the basis of reason and humanity. But we need to recalibrate society to be a true and fair one that places human welfare and happiness at the centre of more ethical ideas, decision making, values and principles.

Gina is founder of Miller Philanthropy, the SCM Group – including SCMDirect.com and MoneyShe.com and the True and Fair Campaign. She is respected for her lateral thinking, feisty views and principled, integrity driven approach to business and success. Gina is a passionate and vocal advocate for smarter giving and a more strategic business-like approach to charity and the third sector. She offers a free service to other philanthropists and donors who may be time poor but want to give in a smart efficient and transparent manner.

Gina's philanthropic work takes many forms and infuses everything she does. She is not just a donor, but an actively engaged, conscious capitalist and philanthropist. Her work in philanthropy includes:

- *Working with a portfolio of dynamic small community charities or projects which numbers 12 - 14 at any time, so they can become more sustainable and widen their reach.*
- *Working with a number of special needs charities, projects and academic research to achieve better understanding, best practices and collaboration between stakeholder.*
- *Ongoing work with Professor Adam Ockelford at Roehampton University and the Amber Trust Charity – seeking to understanding how music can unlock the world for autistic and children on the special needs spectrum, as well as raising funds and giving general support so the charity can provide music therapy and instruments to families from disadvantaged backgrounds.*
- *September 2013 - December 2014; Development Board Member of The Center for Social Justice, one of the funder for their work on Modern day Slavery, and co-author of two state of the nation reports including the 'State of the Social Sector' report published in September 2014.*
- *Improving consumer protection across Europe through the True and Fair Campaign and founder of the 'not-for-profit' True and Fair Calculator that is the first tool of its kind which gives users a true likely Total Cost of Investing in one figure.*

Philanthropy, Philosophy and Doing Good

Russell Hargrave and Tris Lumley *(www.thinkNPC.org)*

If philanthropists want to make a dent in social problems, they first need to understand themselves.

If we want to understand the obligations of wealthy Brits, we should start with the long shadow cast over UK philanthropy by John Jarndyce. The fact that he's a fictional character from the-last-century-but-one only makes this more depressing.

Jarndyce is the ultra-modest hero of Charles Dickens's *Bleak House* (1852). He exemplifies how a wealthy Victorian 'man of conscience' ought to behave: personally kind, generous to the needy and the deprived, quietly thoughtful towards those less fortunate than himself. And the idea of any *fuss* around his generosity is unbearable to him, with the threshold for such fuss set extremely low. When his orphaned wards want to thank him for taking them in, he threatens to run away rather than hear a word of gratitude. A casual word of appreciation for his good work is immediately deflected onto a different conversation (generally, this being a great English novel, an observation about the weather).

The way we give may have changed dramatically in the succeeding 160 years – it is as easy to help causes overseas as those on our doorstep; we are a Twitter-click away from sharing ten quid with a project which inspires our generosity – but the philosophy that gave birth to a character like Jarndyce still exercises a dominant influence.

The belief remains that British philanthropy is best done quietly. It's a view neatly illustrated a year ago by the *Evening Standard's* influential columnist Anne McElvoy. McElvoy welcomed the boom in philanthropy which had accompanied the new wealth flooding into London, but designated a new social class to avoid: the capital's 'philanthrobores', big givers 'who can speak of nothing else but their pet projects'. Much better the donor who 'keeps a low profile', she argued, and maintains 'an unfussy spirit'. Much better a Jarndyce.

Look across the Atlantic and you can see a different story unfolding (and a far from boring one). Philanthropy is often a matter of pride, and many of the nation's big givers want to make noise about the good they do. The expectation that the very wealthy give funds to their old universities, for example, is much stronger, and attracts little embarrassment from either donor or recipient. At the extreme end – not merely the wealthy but the mega-rich – you get initiatives like the *Giving Pledge,* with many US billionaires united in a promise to give away large chunks of their fortunes.

The benefit of bringing so many of the rich together to fund effective solutions for the deprived is pretty obvious, but it's the knock-on effect of the pledge that makes the UK contrast so stark. One goal of the pledge, according to its website, is to 'talk about giving in a more open way and create an atmosphere that can draw more people into philanthropy'. This isn't exactly subtle: if you're a member of the American super-rich, Bill Gates, Warren Buffett et al want to know why you aren't yet a public philanthropist. These are difficult voices to ignore.

While there are also UK philanthropists out there who set a public example for people who may follow and learn from them (*NPC* works with impressive advocates like the *Stone Foundation* and *John Armitage Charitable Trust*), they are rare. And although publications like the *Sunday Times Rich List* and *Giving List* make the connection between wealth and philanthropy – one appears the week after the other – it's no secret that some of the UK's biggest givers are acutely uncomfortable about the attention (and scrutiny) this brings with it.

Which brings us on to the question about personal wealth and the obligation to relieve deprivation. This question is already one step ahead where we are. Even people who do fund charitable work, sometimes to the tune of millions, have an aversion to anyone knowing.

Russell Hargrave

Tris Lumley

The first obligation we need to nurture among philanthropists, then, is a willingness to out themselves as philanthropists. Before they can understand and negotiate their place in society, they need to understand themselves.

If we accept that obligation is at the heart of a culture of philanthropy, and that an obligation to be visible in one's giving may be central to efforts to build that culture, we might turn to moral philosophy to ask what it has to say about obligation, and what light this sheds on the whole issue.

Moral philosophy, or ethics, speak about how we should live our lives – an area of study that we owe to the Ancient Greeks. And it's also the great Greek philosophers and playwrights who gave us the origins of philanthropy – first coined by Aeschylus in *Prometheus Bound*. In the tradition of the Ancient Greeks, philanthropy was inseparable from moral philosophy: good works for the benefit of others were the ultimate expression of civilization. The Greeks didn't beat around the bush on this: they would tell us not only that it is our obligation to give what we can for the good of others, but that it is pretty much the whole point of being human.

Over the centuries, moral philosophy has developed into two schools, divided by whether an action is morally right because of the nature of the action itself or the character of the person taking it (deontology), or right because of the consequences of that action (consequentialism). Of course we simplify hugely here – moral philosophy has many variations and nuances, which defy any attempt to boil them down too neatly. But it's an extremely useful way to approach philanthropy. What does it mean to give away money, what are the results when we do; and how do the two relate to one another?

A deontological view of philanthropy tells us that giving itself is morally right, and that by being a philanthropist someone expresses their moral character. In contrast, a consequentialist view of philanthropy would be that what is most important is not the act of giving or character of the donor, but the results of the gift.

So if I give £10 to a homeless woman in response to her request, the first view says my gift is a moral act, reflecting my moral character. But the consequentialist view says that my gift is only a moral act if it is used to create positive consequences, so it depends on how the woman spends it. If it gets her a hostel bed for the night, my gift was morally right. If it is spent getting drunk on Special Brew, it was not.

Coming back to the subject of obligation, can moral philosophy inform how we nurture a culture of philanthropy? Deontology tells us that philanthropy is an obligation of individuals within a moral society, and therefore that those who give should be applauded for their moral behaviour (and perhaps that those who don't should be scorned).

In the tradition of the Ancient Greeks, philanthropy was inseparable from moral philosophy: good works for the benefit of others were the ultimate expression of civilization. The Greeks didn't beat around the bush on this: they would tell us not only that it is our obligation to give what we can for the good of others, but that it is pretty much the whole point of being human.

NPC, is definitely consequentialist in this regard. *NPC* was founded nearly fifteen years ago to focus on the impact of philanthropy, which necessarily brings us into questions about the morality behind choosing to fund charities. As our Chief Executive Dan Corry told an audience at the *Centre for Charitable Giving and Philanthropy* last year: "I would argue it verges on the immoral just to set up a charity or give to a charity without doing a wee bit of homework".

In other words, effective philanthropy is an obligation. The gift itself does not constitute a moral act, only its results. Therefore it is our duty to understand what the results of our philanthropy will be *before* we give, and those who give *effectively* should be applauded for their moral behaviour. Furthermore, if philanthropists inspire others by being visible in their actions, consequentialism says they should be celebrated – it is morally right to give (as long as the gift is effective) and morally right to do so visibly to encourage others to do so. In other words, consequentialism says not only should you give (effectively), you should also shout about it too. On the flip side, it also says you shouldn't celebrate your philanthropy unless you know its results were positive.

Those without a taste for philosophical musings will have stopped reading long ago. For those who have persevered, and are consequentialists, perhaps we have something important to say to those like McElvoy about the dreaded philanthrobores. If people won't stop going on about their giving but don't talk about what it achieves, tell them to shut up because they're immoral. If they talk about the result of this giving, write about them, tell others about them, give them a column.

And if you come across a donor who prefers to keep a low profile, a modern-day Jarndyce, tell them to start celebrating the impact of their philanthropy. They have a moral duty to pass the message on.

Russell Hargrave is in charge of NPC's media relations and press strategy, covering specialist and mainstream coverage across the organisation. Prior to joining NPC, Russ has worked for charities, politicians and as an academic.

Tris Lumley leads NPC's development of new strategies, partnerships and initiatives to help transform the social sector. Working with partners both in the UK and internationally, Tris focuses on both the demand and supply sides of innovation around social impact. Tris has worked as a consultant in the charity and private sectors before joining NPC.

Work in the Digital Age

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Carl Benedikt Frey and Thor Berger *(www.oxfordmartin.ox.ac.uk)*

Thor Berger

Dr Carl Benedikt Frey

The future world of work promises a new age of automation. So where exactly do humans stand in a 21st-century labour market?

Over the course of the 20th century, technological advances translated into unprecedented increases in living standards for the vast majority of workers in each successive generation. Yet today, less than one in five workers in America believe that the generation currently entering the labour market will lead better lives than themselves. As formerly middle-class jobs have been automated away, the US economy has experienced stagnant wages and falling employment. While the digital age may have brought undisputable gains for consumers, there is increasing concern that innovation has taken a turn on labour. This raises questions about the US economy's capacity to create meaningful and self-fulfilling jobs for workers in the future.

In his famous chapter on machinery, published in the third edition of *The Principles of Political Economy and Taxation in 1821*, the British economist David Ricardo argued that the substitution of workers by machines may 'render the population redundant'. Although the idea of technological unemployment did not materialise during the 20th century, there is growing concern that Keynes' prediction of mankind failing to find uses for its labour is now coming true.

This concern reflects the expanding scope of work that computers are able to perform. In the past, they have been phenomenal at performing tasks that can easily be subdivided, routinised and expressed as a set of programmable rules, but less so where work cannot easily be simplified into rule-based activities. Hence, as industrial robots have replaced manufacturing workers many low-skilled workers have been reallocated to jobs consisting of unstructured manual tasks, such as occupations in the services and transportation sectors.

Computers, however, are increasingly making inroads into domains not long ago perceived as inherently human. Rapid advances in machine learning and mobile robotics, associated with the increasing availability of big data, are making an increasing number of complex tasks automatable, by transforming them into well-defined problems.

Despite recent technological advances, work requiring human creativity and social intelligence – skills where humans will hold a comparative advantage – will be the jobs of the 21st century.

Driving a car in rush-hour traffic, for example, was long seen as something a computer would never be capable of – emulating human perception has been a central challenge to programmers for decades. Yet, driverless cars are today roaming the Californian highways. Similarly, computers are increasingly encroaching on the jobs of physicians, most prominently exemplified by Watson – the *IBM* supercomputer that beat the human champions of *Jeopardy!* – which is now being retrained as a doctor. With the capacity to store all available medical information, digital diagnosticians may fundamentally alter the medical profession.

Even complex scientific processes of hypothesis generation and testing are increasingly within reach for computers. Recently, *KnIT*, a system that mines scientific literature, was demonstrated to be able to generate novel and experimentally testable hypotheses from existing data. Doctors and scientists are unlikely to be out of work soon, but the tasks they carry out may change dramatically in the near future.

Against this background, a 2013 *Oxford Martin School* study by Michael Osborne and one of the authors (Carl Benedikt Frey) shows that 47% of US workers could be replaced by computer-driven technologies over the coming decades. The study suggests that a wide range of occupations are susceptible to computerisation, including jobs in administration, transportation, logistics, services and sales. Workers in these jobs are typically less educated and earn lower incomes, suggesting that the next generation of big data-driven computers will mainly affect those in low-skill jobs, exacerbating already growing inequality. By contrast, the manufacturing technologies of the Industrial Revolution largely substituted for skilled labour, as the artisan shop was replaced by the factory system. The computer revolution of the 20th century, on the other hand, caused the hollowing-out of middle-income jobs once created by the Industrial Revolution.

Workers who see themselves replaced by machines will need to shift into jobs that are less susceptible to computerisation. As many of the safe havens for low-skilled workers are now disappearing, this will provide a challenge. Despite recent technological advances, work requiring human creativity and social intelligence – skills where humans will hold a comparative advantage – will be the jobs of the 21st century. For workers to stay competitive in the labour market, they will have to acquire social and creative skills.

New Work In The 21st Century

While technological change destroys old jobs, it also creates employment opportunities in entirely new occupations and industries. Consider the example of the computer itself. With its origins in the 18th century, the term 'computer' initially referred to an occupation; literally, one who computes. The coming of the electronic computer meant that the routine activity of carrying out repetitive calculations by human workers gradually was transferred to machines, freeing up human workers to perform less dreary and mind-numbing tasks. Yet at the same time, the computer created many new occupations, such as computer programmers, database administrators and software engineers.

As computers have displaced secretaries, assembly-line workers and cashiers, a central question is to what extent are employment opportunities created by the digital revolution able to replace the jobs made redundant?

Historically, revolutionary technologies such as the automobile and the railroad have created vast employment opportunities. Relatively speaking, however, the technologies of the digital revolution have created little new work. A recent study found that less than 0.5% of the US labour force is employed in technology-driven industries created since the turn of the century, such as internet auctions, web designing and video and audio streaming. These industries have not created many jobs for ordinary workers: people working in digital industries are much better educated than the average population and earn more than twice the US median wage. Such high-skill demands make it unlikely that these jobs will provide the opportunities that the 20th-century factory floors did for the many.

Risks And Opportunities

While the digitalisation of the economy poses a number of challenges, it also presents a wide range of opportunities. The concentration of entrepreneurial talent has been the engine of progress over recent decades, with *Google, Facebook, Bloom Energy* and *Tesla Motors* all based in Silicon Valley. Nevertheless, the digital revolution has reduced the cost of distance, easing interactions across locations. As a result, those in geographically distant places have unprecedented access to global markets and information.

Digital technologies offer the possibility of making education and training available more cheaply.

Most digital products can in principle be produced anywhere for a global market. Even more traditional goods have become increasingly mobile. Online marketplace *Etsy*, for example, allows small-scale artisans to reach customers all over the world through its online marketplace. For the geographically isolated, the internet provides unparalleled possibilities for self-realisation and to apply their ingenuity to solving problems. Thus, while location is still important, geography is no longer the limiting factor it used to be.

Digital technologies offer the possibility of making education and training available more cheaply. Online training has grown exponentially, with the proliferation of Massive Open Online Courses (MOOCs), and many Ivy League universities provide free online lectures by the world's leading instructors. In this digital age, a high-quality education is available to anyone with a computer and internet access. Though it remains to be seen how these training programs can be made more effective, policymakers would do well to support the development of alternative ways of retraining and educating workers.

Similar advances in finance, such as peer-to-peer lending and crowdfunding, mean seed funding has become more available to entrepreneurs. *Crowdcube*, for example, provides an alternative to banks, business angels and venture capitalists, by allowing start-ups to access seed funding from 'the crowd'. Additionally, digital innovation requires less capital; according to a recent survey of mobile app developers, the average cost of developing an app was $6,453. This makes becoming an entrepreneur open to more ordinary people.

Although these developments offer a wide range of opportunities, a number of challenges lie ahead. As the pace of technological progress becomes ever faster, lifelong careers are likely a thing of the past. Since the early 1970s, the average tenure of male workers has declined by 25%, suggesting that while our parents had careers, in the future we'll have gigs. Moreover, within five years, Millennials – the generation in their late teens to early 30s – will constitute half of the workforce; a generation steeped in digital technology, with demands for more flexible jobs. To accommodate a more flexible labour market, welfare systems must be redesigned to accommodate the changing norm away from full-time, lifelong employment. Social safety nets should encourage entrepreneurial risk-taking and ease shorter stints in the labour market, with more frequent shorter spells of unemployment.

A more fundamental concern is the existing political, economic and social interests invested in maintaining the technological status quo. While legal and regulatory barriers to new technologies may protect jobs in the short term, these will reduce the long-term prospects for growth if they stifle innovation and arrest technological progress. It is time for a grand bargain that supports progress, while also addressing the related challenges through policy actions that build a more inclusive society.

Some 150 years ago, western societies began their economic transformation as millions left agriculture for a life in the bustling industrial centres. In the 19th century, 80% of US workers were employed in agriculture. Today, that number is less than 2%. Anyone predicting how the labour market would change over these 100 years would be hard pressed to envision the new work created. That droves of new jobs would be created in the industrial cities to soak up the millions who left the countryside would be nearly unthinkable.

Today, we stand at the brink of a similar technological revolution. The future of work will look very different to the factory floors of the 20th century. How we manage this transition boils down to how well we adapt and while the challenges today are no less daunting, history shows that where creativity and human ingenuity meet them, economic growth and wellbeing improve at an unceasing pace.

Fellowship in Action. Filling the Gaps

Black Country Atelier (BCA) is a team of designers, engineers and scientists who visit schools and colleges to share their passion for smart technology with students. Designer and founder Jing Lu started *BCA* after realising there was a gap between industry practice and what pupils were learning. "The students were really hungry for modern design tools like computer aided design and manufacture," explained Jing.

Taught by industry specialists, students learn the practical application of modern design tools. "We want to develop these projects and lead interested students into work placements and real practice to stretch them," said Jing.

A generous grant from the *Comino Foundation* is supporting *BCA's* three-year *'Manual of Modern Making'* project. Dedicated to working with four RSA Academies, it aims to transform students' learning of design and technology using the latest techniques in digital fabrication technologies.

Find out more at *www.blackcountryatelier.com*

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Dr Carl Benedikt Frey is Co-Director of the Oxford Martin Programme on Technology and Employment, and Oxford Martin Citi Fellow. He is a Doctor of Economic History at Lund University, an Economics Associate of Nuffield College, University of Oxford, and Specialist Advisor to the Digital Skills Select Committee of the House of Lords. His research interests include the transition of industrial nations to digital economies, and subsequent challenges for economic growth and employment. In particular, his work focuses on technology shocks and associated impacts on labour markets and urban development. His work has been extensively covered by outlets such as the BBC, CNN, The Economist, Financial Times, Wall Street Journal, Bloomberg Businessweek, New York Times, Washington Post, Der Spiegel, Scientific American, TIME Magazine, and Forbes.

Poverty And Equality

It Is Our Responsibility To Enable Prevention

Lara Morgan *(www.laramorgan.com)*

Having just had the enormous pleasure of providing only a little expertise and time to *The Childhood Trust,* I feel compelled to share the value of being involved on the ground in philanthropic support.

Lara Morgan

I support causes where I feel I can have significant impact on a prevention-focused basis, in the areas where I feel I gained significant advantage due to my upbringing - and where I see the value that enabling (not necessarily giving) this experience to others, will make a lasting and life-improving difference. In fact, all my investments, having made money, have to offer 10% of their profits to a trust, to a charity or to an organisation the founders passionately believe in, so they do good business whilst also doing good.

Prevention has always been the best way forward. The *NHS* is under a ridiculous strain simply because we are all living longer, but compounded by the deteriorating amount of exercise people now take. We have a massive additional challenge to overcome simply because of individuals' inertia, sometimes laziness or their inability to eat well. The madness of spending money on obesity-related illness, when nearly every individual has their own health under their own influence is, in my view, bonkers. As lazy sickness increases so do the distractions, cash demands and wasted resource going into people who simply need to be educated to know better and to do more activity.

Recently I started doing triathlons. I do not want to run every day of my life. I do not want to carry around hideous wet swimming costumes or smelly running shoes, but I do. I do not always want to set myself goals and objectives, but this is the way I have found I commit to staying fit and healthy, because I am a competitive little sod. We don't all have to race, but we do all have to raise our heart rates to look after our bodies, the machines of our wellbeing.

Prevention is surely better than anything else. I expect I live driven by the sweat-count, knowing that if I bother and when I bother to exercise, I might be pushing back the possibility that an illness might get me. I have a view that I am making positive deposits in the bank account of health that will allow me to enjoy the later years for longer, avoiding the restrictions of wheelchairs and ill-health.

The Childhood Trust approached me to help them with the event as a guest speaker, after their CEO Lisa Gagliani took part in a sleepout fundraiser for the homeless at Wembley Stadium, where we slept out on the wettest night of the year. She asked me if I would be able to provide a short guest speaker spot, which was fine – and, because the event was going to be run as a friendly dragon's den, I also offered to assist the pitching charities with the expertise I have gained from pitching all my life.

I think a lot of people I think worry too much about getting involved with charities, assuming it will always be about giving money or it will be worse, being asked to sit on a committee or buying tickets for gala style dinners to drag friends and clients along to. It needn't be any of those and as in this example, I was simply being asked to 'give' what I do. I enjoy public speaking and it's my job to motivate, so I was simply being asked to do it for free and to give a few hours of my time – many months ahead, so it could be planned and scheduled.

The Childhood Trust's mission is to alleviate child poverty – across London. I was staggered to learn that 600,000 children in the wealthiest capital on the Planet, are living in poverty – without a hot meal every day, without a warm coat in winter and without hope to be able to grasp the opportunities that most of us take for granted. How can a child be expected to learn if they haven't had a good night sleep, if they haven't eaten since yesterday's school lunch? And if they can't learn, if they can't participate in sport or socialise after school,

how on earth will they know how to behave, how to get a job later on and become a good citizen?

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The interesting way that *The Childhood Trust* operates is that it uses entrepreneurial techniques to curate and fundraise, supporting mostly small community based charities who provide practical, emotional or inspirational themed work for children and families. Started in 2012, they have match-funded online giving campaigns, helping the charities to master the techniques of social media and online giving – the fastest growing form of fundraising today. This way they have already raised over £2million for 50 such groups and in so doing have helped alleviate the life suffering of 32,150 children.

Three groups took part in another 'first' for *The Childhood Trust* – a joint event with *The Funding Network*. The three had been whittled from ten small charity founders who had applied. My simple task was to help them maximise their pitch. One was a preventative school based project to help deter teenagers from drinking alcohol before they complete their GSCE's. Another wanted to give life enhancing/changing opportunity for talented singers to belong to a prestigious youth choir and the third had a proven track record in helping young black boys (aged about 8 years+) through mentoring, providing the missing father-figure into their lives, so that they reach their true potential and avoid trouble such as gangs and petty crime leading to worse case self-destruction and ultimately worse cost to society.

As I have said, it was enormously satisfying to see the results of my modest input. Where they had hoped to raise £6,000 each on the night, the result was that they actually did a lot better and raised £8-10,000 each. These amounts will be put to work immediately and make a difference to several hundred children's lives who live not thousands of miles away, but right here under our noses.

We can moan and blame society, politicians, and parents all we like – but all the time we do, we could be simply digging into our wallets and fixing what we can, how we can. These children in many cases don't need policies, they need lunch! They need us all to think, "what can I give that will make a positive difference, to offset the imbalance we see all around us?" and I believe that all of us with more than we need or expected to have available to us, could and should do more.

Lara Morgan is the straight talking, no nonsense entrepreneur and mother of three. Best selling author, Lara started her first business, aged just 23 years, Pacific Direct, which manufactured and sold branded licensed toiletries and amenities to the hotel industry. Seventeen years later she sold 99% of the business for £20million.

She now focuses on investments in hospitality and toiletries related start-ups, as well as the growth of the Company Shortcuts business with Nicola Cook. She continues to inspire entrepreneurs to raise their aspirations, remove any self imposed barriers to growth and apply real strategy to enable their businesses to succeed.

Philanthropy and its Relevance for Families

Sara Llewellin *(www.barrowcadbury.org.uk)*

The Barrow Cadbury Trust is the largest of the several dozen Cadbury family foundations. With a history spanning a century and with strong Quaker roots, the Trust has had a focus on social justice and equality issues from its very inception. We are a values-driven organisation with an enduring interest in economic, racial, gender and criminal justice issues. The form and focus of our work changes decade by decade as the world changes around us, but the essential areas of concern remain constant.

We are an endowed foundation with relatively modest resources (£85m at the time of writing) and hence we must use all the resources at our disposal in the purposeful pursuit of our mission. We see ourselves as agents of change with access to a financial resource base, but we use more than just our income to achieve our goals. Some of our capital is used for social investment; our brand can be useful to social justice campaigns, our board members promote family philanthropy and our staff use their expertise and intellectual capital to add value to everything we fund and the partnerships in which we work. We are directly involved in many of the things we fund and actively seek out those who want to see the same changes in the world as we do. As a charitable trust, we aim to align all our resources, especially our money, so that each partnership, each grant, each piece of work we support add up to more than the sum of their parts – See our two-minute animation at *http://youtu.be/L5reEdLuaPM or at www.barrowcadbury.org.uk*.

In our world view poverty is structural not pathological. We come from collectivist traditions and work in alliance and collaborations with others who share our analysis. Whist persistent poverty is grindingly debilitating for those who have to endure it, we do not see individual interventions as any kind of permanent solution. It makes no sense to us at all to alleviate symptoms decade after decade without addressing the root causes.

The current iteration of our anti-poverty and economic justice work is our *Resources and Resilience* programme. This is the newest of our programmes at 4 years old and hence still in the phase of building alliance and carving out focus. (Our other programmes, which have been running longer, are further into the impact phase.)

Economic inequality and injustice are huge structural issues governed by global geo-political and historical factors at the meta-level. However, how these play out in people's lives on the ground could not be more

Sara Llewellin

granular. So, as a small foundation we aim to play a small part in supporting a) thinkers and new theory, b) communities and their 'voice' and c) movements for creating a fairer, more sustainable and fit for purpose economic system.

Are we naïve enough to think that is easy or that we can have a massive impact? Of course not. In everything we do we work with others, finding the hands of change and helping to strengthen them and connect them up.

The two themes of our programme, resources and resilience each attempt to create synergy between what is going on in people's lived experience with those who make policy or develop theory

The two themes of our programme, **resources** and **resilience** each attempt to create synergy between what is going on in people's lived experience with those who make policy or develop theory. So our work on **resources** funds think tanks and researchers to develop more equitable economic propositions while at the same time supporting campaign-based work on financial inclusion such as campaigns on pay day lending and the disproportionate effects of the welfare reform agenda on disabled people, women and carers. Everything we fund must shine a light on economic injustice and propose alternatives. We wouldn't fund the operational costs of a food bank, for example, but we could support a local initiative (usually in Birmingham) to create a community-led food co-operative.

The **resilience** strand of the programme also creates links between work at the theoretical level on models of community resilience (e.g. research by the *Young Foundation*, tools developed by the *Centre for Local Economic Strategies*) and community-led initiatives at the local level such as time banks and other forms of co-production. Again, much of this in Birmingham. Our historic link with the West Midlands leads us to work with the city on strategic planning and community cohesion issues.

As a small player, we aim to add value through brokerage and contributing to learning. Small sums of money can make a real difference if you are in the right place at the right time to spot opportunities. A good example of this was a modest amount of money (£4000) for *Birmingham City Council* to host a conference of the Fairness Commissions from around the country, an idea suggested to us informally by a member of the London commission.

For this kind of approach you need patience and fortitude. You also have to 'earn your stripes' and 'know your onions' or you will rightly be accused of parachuting or patronising. This is not the kind of work which lends itself to metric measurement. We do think tracking impact is important, but not at the expense of doing the things which are difficult and long term. We do not choose to work on what can be counted by neglecting the things which most count.

But if you are reading this and thinking "it's ok for them with their history and resource base" you are quite right. We are in a very privileged position and our approach does not suit everyone. There are more ways to tackle poverty and inequality than pebbles on Brighton Beach. What matters is to align your giving with your motivation. If what bothers you most is children in your own neck of the woods going hungry, fund the schools to run breakfast clubs; if you are concerned about childhood obesity, fund cookery and budgeting programmes for teenagers and young parents. Straightforward giving is also essentially good.

Sara Llewellin is the Chief Executive of the Barrow Cadbury Trust and was previous Deputy Director of the City Bridge Trust, the City of London's 800 year old charitable trust. Prior to that she was the Chief Executive of St Giles Trust, a charity working directly with homeless and vulnerable people in South London.

Sara is Vice Chair of the Association of Charitable Foundations, a member of the Governing Council of the European Foundation Centre, a Board member of Charity Bank and has served on a number of other national Boards, including the lottery distributors and social investment intermediaries. Her background is in community activism, particularly in the domestic violence movement and in local community family provision. Sara is a Fellow of the Royal Society of Arts and a Freeman of the City of London.

Poverty and Inequality Updated

Dominic Fox *(www.aco.uk.net)*

The question of poverty, disadvantage and inequality looms large in the public discourse. The effect of austerity on living standards has been substantial. Not least the reform of welfare provision and tightening of entitlements. This has been pronounced on a group served by trusts and foundations providing grants and assistance to individuals in need.

Dominic Fox

The *Association of Charitable Organisations* was created in 1946 shortly after the ending of the Second World War that visited terror and devastation on a global and unprecedented scale. A year previously there had been a general election that delivered an unexpected landslide victory for Clement Attlee's *Labour Party,* over Winston Churchill's *Conservatives*, giving *Labour* its first majority government, and a mandate to implement its postwar reforms. Among those were the introduction of the welfare state and creation of the *National Health Service.*

Britain has thousands of trusts dedicated to the prevention and relief of poverty through provision of grants to individuals in need. Many of these are occupational benevolent funds. In legalese, grant making trusts with restricted groups of beneficiaries. These funds give away and invest millions of pounds a year and help an incredible range of people.

Solicitors, dentists, pharmacists, travel agents, civil engineers, those working in public relations, electrical industries, the post office and BT, the stock exchange, gardeners, railway staff, medical staff, civil servants, sales people, vets, those in the printing industry, customers of utility companies, women in need of assistance, people with medical conditions and disability.

These charitable organisations form specific networks, in the arts, helping musicians, writers, people in the book trade and ballet dancers. In the services helping those in the *RAF,* the *Royal Navy,* and the *Army* including veterans of past and recent conflicts.

Funds like these have been in existence making a difference since Elizabethan times. English *Poor Law* legislation can be traced back as far as 1536. The *Poor Law* system was in existence until the emergence of the modern welfare state after the Second World War. Although little known these benevolent funds, local parochial charities, livery and companies have been a consistent presence making a valuable contribution to social cohesion and the wellbeing of individuals, communities and society at large.

Britain has thousands of trusts dedicated to the prevention and relief of poverty through provision of grants to individuals in need. Many of these are occupational benevolent funds.

Scotscare, also known as the *Royal Scottish Corporation* founded in a Covent Garden tavern has been helping out Scots and their children in London for over 400 years. There are now an estimated 340,000 first and second generation Scots in the capital and in the last 3 years they have helped 5,820 people.

The Royal Literary Fund is a UK charity that has been helping authors since 1790. It provides grants and pensions to writers in financial difficulty; it also places writers in universities to help students develop their writing.

The *Henry Smith Charity* has been helping combat disadvantage and poverty since 1628. Nearly four centuries after it was first established, it is one of the largest grant making charities in Britain; making grants of over £27 million in 2014.

The *Bank Workers Charity* founded in 1883 provides

a good example of how approaches have changed over time. Originally formed to fund the care of children of bank clerks who were ill or had died; they were called the *Bank Clerks' Orphanage* providing care and a good education. By 1963 the charity had over 1,000 children in their care, a record, and over 66,000 supporters. A total of 3,917 children had been educated since the *Bank Clerks' Orphanage* was founded.

By the 1980s fewer children needed care as there was more support from the welfare state. Alongside this, the banks themselves were also providing more help and support. A merger with the *Bankers Beneficent Society* with experience in helping older people creating a new charity - *The Bankers Benevolent Fund*. By 2011 the Fund broadened its approach by working in partnership with charities such as *Leonard Cheshire Disability*, the *National Autistic Society*, *StepChange Debt Charity*, domestic violence charity *Refuge* and *Relate* providing expert specialist services to beneficiaries.

Our members have countless stories of the help they provide. Mark's story is typical.

I was 29, it was a beautiful sunny day, and I was out mountain biking with my mates. I'm not sure how, but I came off my bike. My head hit the floor and I broke my neck. It was as simple as that. I passed out, but I remember the air ambulance and how incredible my friends were. I spent the next seven months in hospital and then came out, knowing that I would use a wheelchair for the rest of my life.

Up until that point I had been working full time as an accountant in industry. My employer was great, in that they kept my job open for over a year, until I was ready to start working again. But obviously I wasn't earning during that time. Also, I knew I could never go back to my own flat again because it was on the first floor – so completely inaccessible. My mum and dad moved my stuff out for me. They turned their front room into a bedroom and my girlfriend and I moved in there.

We had some very dark days. It was a lot to adjust to. Before the accident my girlfriend – she's a chartered accountant – and I had been looking for a place to buy. We'd been planning on setting up home, starting a family, all the normal things that people our age do. For a while we were just in shock. But little by little we started to realise that all those things were still possible. We started to look at bungalows, thinking that if we could get something accessible, we would be alright.

Bungalows were a lot more expensive than the houses we had been looking at due to the demand and we couldn't find anything accessible. We approached the local authority, but to be honest, if you're not on benefits, there's not much they can do for you. It was around this point someone suggested that we approach CABA, the Chartered Accountants' Benevolent Association. They said 'find a bungalow you can afford, and we'll see what can be done to make it accessible.' That gave us a lot of confidence.

When we eventually found somewhere, CABA were as good as their word. They helped us work out a plan for the alterations and they have funded the wet room, the ramps and for widening the doors.

I'm not sure what we would have done without

CABA's help. Maybe we'd have tried to borrow the money for the adaptions, but it wouldn't have been wise. I'm only working part time at the moment. This accident has been a huge financial hit for us and more debt probably wouldn't have worked out well.

We'll be moving into our new home soon – it's nearly ready. And I've been trying new sports – table tennis, javelin, things like that. We're doing everything we can to rebuild our lives – it'll be a different life, but a good one.

People like Mark are being helped every day, across the UK and increasingly across the world by British based funds. Funds that have innovated and adapted their practice as needs and environment change. Developing innovative solutions such as almshouses, providing residential homes, the switch to on-going grants topping up pensions and care home fees to today's more strategic approach.

Today, these funds help in trust over the centuries favour a more thoughtful intervention, looking at the problems faced by applicants in the round. Many charities now want to make a more substantial intervention that gets to the heart of the problem and addresses multiple need. It has involved much discussion and reflection as they review their practice and make the prevention and relief of poverty appropriate to the needs of 21st century society.

The *1942 Beveridge Report* which led to the founding of the welfare state in the United Kingdom identified five 'Giant Evils' in society: squalor, ignorance, want, idleness, and disease. Funds operating today know that they need to work in harmony with others to really make an impact on poverty, that any call on charity comes after the state has offered them a helping hand when they need.

That assurance is currently looking under serious threat with growing numbers of what are termed the 'working poor', that is people in low paid and insecure employment. After years of assuming that work was a passport out of poverty this calls for a radical rethink on how we approach the prevention and relief of poverty.

The trusts and foundations described here will be at the forefront of such thinking and quietly getting on with changing people's lives for the better.

Dominic Fox has worked in the voluntary and community sector for over 30 years. Dominic has held a number of senior management posts including Director of the Kings Cross Homelessness Project, Acting Chief Executive at National Homeless Alliance, CEO of a disabled children's charity, Kidsactive, and was Director of the Children's Centre Project, a collaboration of seven national charities based at the National Children's Bureau.
He was a trustee of NCVO for 12 years and was a member of the Poverty Strategy Group at Joseph Rowntree Foundation. Dominic stood down as Chief Executive of The Stone Ashdown Trust in December 2008 when it became one of the UK's first charitable foundations to "spend out" its capital. After a period as CEO at care charity Hoffmann Foundation for Autism he took up post at the Association of Charitable Organisations, the umbrella body for benevolent funds in February 2011.

Social Investing Through Unorthodox Partnerships

Claire Macht *(www.globalimpactforum.com)*

Partnerships come in many forms and nowhere is this so well illustrated as within the social investment sector.

Claire Macht

While the broad definition of 'social investment' can claim some of the responsibility for this phenomenon, the sheer variety of deals also reflects the need to consider unusual bedfellows in order to get the job done. In managing the *Global Impact Forum,* we have had the opportunity to see for ourselves the surprising and sometime unorthodox partnerships that can result. A number of partnerships have come to fruition and the flexibility of entrepreneurs has proven important in their ability to find partners and drive to scale. Donors and investors are also taking steps in adapting how they work to accommodate more creative partnerships for impact. The head of one large bi-lateral donor agency recently quoted Deng Xiaoping - "It doesn't matter whether a cat is white or black, as long as it catches mice." In other words, form and function should take a back seat to a shared vision of impact.

Making a social investment follows the same process as any investment: filter potential companies, conduct due diligence, build on the relationship, negotiate terms. The legwork required to identify potential investments that also have a social or environmental return is extensive, and often seemingly more so than for traditional investments. But the complexity of a social investment process is not very different from that of other industries. Venture capitalists in biotech need to examine hundreds of companies in a single sector before investing in a few. The common understanding of development stages, milestones and exit points in the life sciences industry has enabled it to grow and accommodate different types of investors. But these investments are always a long-term and iterative process. And this long-term horizon very much parallels the world of social investments. At the *Global Impact Forum* we've had the pleasure of helping many companies find each other and set out on the long road of partnerships. Some of these have already generated tangible outcomes. The examples below illustrate the impact being achieved through very different forms of partnerships.

A private investor supports private enterprise. *SELFINA* is a micro-leasing firm in Tanzania that provides women entrepreneurs access to equipment to run small businesses. While Tanzania's legal environment technically provides equal rights to all irrespective of gender, social customs and traditions make it difficult for women to own land and other assets. As a result, financial institutions do not consider women as being creditworthy, which restricts their

access to financial services and marginalises them in the productive economy. *SELFINA* secured an investment from a private investor to extend its reach to almost 50,000 women. *SELFINA* needed to find an investor that could react quickly and invest into their cash-intensive business. A private investor was able to do so, providing an initial investment within a few months of their initial meeting. Angel investors and private individuals play a crucial role in the success of many social businesses, providing capital at critical points of development. The flexibility of private investors to provide "catalytic capital" is indispensable to the growth of innovative businesses often operating in frontier markets.

Driving to scale using more advanced financing. *Prodigy Finance* provides loans for international students to attend top business schools, funded by a community of alumni. To date, *Prodigy* has distributed US$50M in loans to students from 90 nationalities. Without *Prodigy*, hundreds of students could not have attended the schools that had admitted them. *Prodigy* proved that credentials, community and career prospects are viable forms of collateral. The model works and could be scaled to other schools, with the right partner. Last year, Prodigy announced the development of a world-first 'Education Note' developed in conjunction with *Credit Suisse*. The CHF25M instrument aggregates the underlying school-based lending portfolios into a structure that can accommodate a wider pool of investors. This partnership brings the reach and expertise of a large financial institution to a successful social purpose model and will help to take it to the next level in scale.

The recognition that successful social businesses need far more than just finance is something spreading beyond individual investors.

Non-financial assistance in multi-stakeholder partnerships. One thing that differs from the life science industry, is the value of non-financial assistance in social investments. Last year, *WWF* announced a new model for conservation in the Mondulkiri district of Cambodia, supporting the establishment of forest product enterprises run by local community members. This was not an arm's length funding arrangement. The two entities work together, presenting the initiative in tandem, helping each other identify and meet with investors and partners who can provide the financing, expertise and market access that will allow the venture to grow beyond the seed stage. Conservation finance is becoming conservation business, requiring all the same skills and resources necessary for success.

Claire is Conference Director of the Global Impact Forum, an annual event produced by EBD Group that facilitates partnerships in support of social impact initiatives. Claire joined EBD Group in 2007 as a project manager for EBD Group's life science partnering services. She expanded that role to include management of partnering for EBD's own events, program development, sponsorship management and full conference management. She directed EBD's medical technology event EuroMedtech before moving into the impact investment sector. She now leads program development and conference management for the Global Impact Forum. Claire holds an Honors BA from Mount Allison University and an MA from Bristol University.

WWF brings much more to the table than access to finance. It will leverage its global network and knowledge over the long-run to contribute to the success of the Mondulkiri venture.

Going mainstream. The recognition that successful social businesses need far more than just finance is something spreading beyond individual investors. Social investing is providing an opportunity for mainstream businesses to offer services and expertise to a new market as part of their core business. For example, *Ernst and Young* has launched a division that provides *EY's* usual business services to social companies in emerging markets. Tailored specifically to the budgets of businesses in these geographies, the professional expertise that *EY* can contributes to a social impact company will help the company transition to the next stage of expansion, one that may require more interaction with more mainstream investors.

The *Global Impact Forum* is an independent and neutral platform to facilitate partnerships and investments across the spectrum of social impact. The forum features a curated group of innovative impact initiatives from around the world. To date, the forum has helped facilitate over US$30M in investment.

International Bridges to Justice

Karen Tse *(www.ibj.org)*

No Justice in Poverty and Inequality

Every day in over 100 countries around the world, hundreds of thousands of people are arbitrarily detained, tortured, and denied access to counsel by the police. Torture is used as a basic and cheap method to extract confessions and speed up criminal trials, completely circumventing due process. Why bother building a case based on evidence – and potentially lose at trial, with a loss of face as well – when a confession can speed up a clogged docket? What does it matter if the confession is coerced? This lack of respect for rule of law in criminal justice systems causes untold human suffering, perpetuates patterns of violence and impunity, and wastes vast economic potential.

Today, the problem of state-sanctioned torture mostly affects ordinary people ensnared in failed judicial systems in countries whose public services fail in a myriad of other ways. Torture particularly afflicts the poorest of the poor: the three million people around the world stuck in pre-trial detention. It is shocking that there are places in the world where a person's guilt is determined by their threshold for physical and mental abuse; often the guilty escape consequences because of the forced confession of an innocent.

Over 70 years have passed since the *Universal Declaration on Human Rights* in 1948 recognised the right not be tortured, bolstered by a plethora of EU and other regional resolutions. Although most countries have laws prohibiting torture, these robust forms of declaration have not been matched with on-the-ground implementation.

It is shocking that there are places in the world where a person's guilt is determined by their threshold for physical and mental abuse; often the guilty escape consequences because of the forced confession of an innocent.

The problem is systemic, not personal – that is, it is not a matter of individual victims or corrupt bureaucrats, but about the lack of a basic legal infrastructure to protect individual rights. Likewise, the remedy is not to draw attention to one-off abuses, but to improve the overall process of the judicial system, with a particular emphasis on public defenders.

International Bridges to Justice

International Bridges to Justice (LBJ), partners with national governments, not antagonise them as outside activists. And we team up with local defense lawyers rather than swoop in with experts who do not understand local conditions. We connect these pioneering, local defense lawyers with a network

Karen Tse

of likeminded peers from around the world – often hailing from our *'JusticeMakers'* annual fellowship program of local pubic defenders – so that they can support each other and learn from each other.

After more than a decade of running legal rights programs deep in the heart of countries as diverse China, India, Rwanda and Brazil, we find that there is, optimistically, a cost-effective calculus to eliminating torture: the establishment of legal aid centers and qualified staff to intervene to defend a suspect's rights from the moment they are accused. By advocating on behalf of the suspects at the earliest stages of a case, it is far less likely that the people will see their rights violated or be tortured by police or prosecutors.

By doing this, *IBJ* is able to rescue people ensnarled in failed judicial system. This not only supports individual rights, but brings about systematic changes to the legal infrastructure of the country. It produces lasting social stability and supports the wider development agenda.

Putting a sustainable judicial infrastructure in place makes legal rights a part of the mainstream development agenda that policymakers, economists, businesses and regulators sign on to, not simply a matter for lawyers at the courthouse. Improving the foundations of legal rights involves more than ensuring that every person has access to counsel. It means changing the mindset of all stakeholders in society about how integrity in the judicial system is a critical prerequisite to a cohesive and prosperous society, where the dignity of each person is respected.

Fighting Poverty with Rule Of Law

The moral and ethical case for putting in place the judicial infrastructure to protect everyone's rights is unarguable. The economic side of the case is equally compelling.

A functional criminal defence system is hugely cost-effective for governments when weighed against the full costs of the alternatives to government, taxpayers, foreign and domestic investors, and to society as a whole. While criminal defence is only a minor element in an entire judicial system, accounting for a small fraction of the system's cost, *IBJ's* experience has shown that it is the central factor in determining the system's overall success in ensuring the rule of law. And this, in turn, is critical for attracting and retaining foreign investment.

IBJ is able to rescue people ensnarled in failed judicial system. This not only supports individual rights, but brings about systematic changes to the legal infrastructure of the country. It produces lasting social stability and supports the wider development agenda.

Moreover, a functioning criminal defence system, by keeping people out of unwarranted detention and preventing torture, minimises other costly social problems. These include the loss of productive workers, the spread of deadly diseases, and the exacerbation of extreme poverty and its attendant social problems like drug trafficking and child prostitution.

When people are tortured, they become disabled physically or mentally. Families living on the edge can plunge into poverty. The economy loses potential output and the government loses tax revenue, while being called upon to pay the cost of the incarceration and social services to the detainee's dependents. Family members may have little choice but to turn to illicit activities. Lengthy pre-trial detention and jail terms for petty crimes or civil offenses give rise to the same consequences.

Other social costs accrue. The longer someone stays in detention or prison, the more likely they are to contract HIV/AIDs, drug-resistant TB, or other deadly infectious diseases. Such maladies are rampant in the typically overcrowded and unsanitary prisons, and spread to the public at large. With the very high proportion of pre-trial detainees in developing countries, it is unquestionable that keeping people out of unnecessary detention – a major benefit of a functioning criminal defence – reduces public health costs, and prevents loss of income due to illness.

The huge demand for *IBJ's* assistance – we have 20 pending requests for country programs underscores the degree to which countries understand the benefits of a functional criminal defence system. Running an effective criminal defence system is relatively inexpensive. In Cambodia, for example, defending a criminal case from the time of arrest to the end of the trial costs about $260. This is roughly the same as the monthly cost in Cambodia of keeping someone in jail.

In summary, everyone wants live in a fair society. This is what *IBJ* delivers – protection from fear as we achieve justice.

Karen founded International Bridges of Justice in 2000 to promote systemic global change in the administration of criminal justice. A former public defender, Karen first developed her interest in the cross section of criminal law and human rights as a Thomas J. Watson Fellow in 1986, after observing Southeast Asian refugees detained in a local prison without trial; thousands of prisoners of all ages being held without trial, often having been tortured into making so called confessions. In 1994, she moved to Cambodia to train the country's first core group of public defenders and subsequently served as a United Nations Judicial Mentor. Under the auspices of the U.N., she trained judges and prosecutors, and established the first arraignment court in Cambodia. In the initial stages, she negotiated groundbreaking measures in judicial reform with the Chinese, Vietnamese and Cambodian governments. Under her leadership, IBJ has expanded its programming to include Rwanda, Burundi, Zimbabwe and India. In addition to the Defenders Resource Centers in those countries, IBJ also sponsors independent Justice Makers in 37 countries. IBJ has created a Global Defense Support Program to bring IBJ assistance to public defenders worldwide. In 2010, IBJ launched the Justice Training Center in Singapore. A graduate of UCLA Law School and Harvard Divinity School, Karen was named by U.S. News & World Report as one of America's Best Leaders in 2007. She has been recognised by the Skoll Foundation, Ashoka and Echoing Green as a leading social entrepreneur. Karen was the recipient of the 2008 Harvard Divinity School's First Decade Award, and the 2008 American Bar Association's International Human Rights Award. She also received the 2009 Gleitsman International Award at the Harvard Kennedy School of Government. To learn more about Karen's work and International Bridges to Justice, please visit www.ibj.org

Human Rights Approaches to Eliminating Poverty

Meghan Campbell *(www.law.ox.ac.uk)*

In September 2015 the world will recommitment to a series of *Sustainable Development Goals (SDGs)*. The first proposed goal is to end poverty in all its forms[1]. This expands on the first *Millennium Development Goal (MDGs)* to halve the number of people living in extreme poverty[2].

Meghan Campbell

In the period between 2000 and 2015, 'the global poverty rate at $1.25 a day fell... to less than half the 1990 rate', but there are still '1.2 billion people living in extreme poverty.'[3] This a profound challenge because not only does reducing extreme poverty requires a sustained political commitment but also because the causes and consequences of poverty are complex and cross-cutting and defy easy solutions. This is a crucial time to pause and reflect on how best to tailor development policies and human rights approaches to eliminating poverty.

There is a growing awareness of the relationship between poverty and inequality. However, there is a shift in the nature of this inequality. Traditionally poverty has been understood as an issue predominantly of lower income countries[4].

It is necessary to appreciate how poverty and disadvantage tracks onto to identity characteristics and how this results in income and wealth disparities in the state.

New research reveals that due to an emerging middle class in China and India 'global income inequality is charting a modest decline' but income and wealth inequalities within the state are increasing.[5] This means it is important to pay attention to wealth inequalities within the state. While there have been proposals to re-examine tax structures, redistribution policies and national governance, it also important to assess the relationship between status inequalities and poverty. For example, Canada ranks 11th in the UN's *Human Development Index*[6] but at the same time in two Canadian provinces, Manitoba and Saskatchewan, 62 and 64 per cent of First Nations children live in poverty compared with just 15 and 16 per cent among non-indigenous children.[7] It is necessary to appreciate how poverty and disadvantage tracks onto to identity characteristics and how this results in income and wealth disparities in the state. To that end, this article examines the connection between status inequalities and proposes tentative solutions on how these challenges can be addressed so as to ensure the SDGs achieve their goal of ending poverty.

Part of the challenge in achieving the SDGs is to recognise that poverty is not a neutral phenomenon. The empirical evidence demonstrates that there is a strong relationship between poverty and the traditional status grounds of discrimination. The UN Special Rapporteur on extreme poverty and human rights explains that 'discrimination and exclusion are among the major causes and consequences of poverty.'[8] Women, children, older persons, persons with disabilities, migrants, refugees, asylum seekers, internally displaced persons, minorities, persons living with HIV/AIDS and indigenous people are more vulnerable to poverty and experience greater challenges in accessing, controlling and enjoying economic resources.[9] All these forms of intersecting discrimination and poverty are pernicious, however this article uses gender as an example of the challenges of addressing the relationship between inequality and poverty. Gendered social norms and cultural attitudes that are based on the idea of the inferiority women and the superiority of men or on the stereotyped roles of women and men cause and contribute to women's poverty. For example, poor households may be reluctant to invest limited resources in the education or health needs of girls and women. Prejudices and stereotypes on the role and value of women underpin the low valuation of work traditionally assigned to women, their role in reproduction, their disproportionate responsibility for care giving and their exclusion from public life, education, credit and property. This perpetuates a vicious cycle of poverty, powerlessness, social exclusion, inequality and discrimination which is different from men who live in poverty.

Development policies and human rights solutions need to account for these different gendered experiences. States and donors need to ensure that social and economic benefits not only address poverty but also further substantive gender equality. There are various measures that can be taken to ensure that poverty and inequality are concurrently addressed. Non-contributory social protection schemes and statistical measurements are often based on head of the household. This can obscure women's poverty within the household and result in women not having access to financial resources. In turn, this contributes to women's dependency on men and furthers the gendered power imbalances in the home. Social protection needs to be targeted to enhancing norms that empower women and enhance their autonomy. Thus, social benefits should be provided to women absence any relationship with men. Moreover, social assistance rates need to cognizant of the fact that women disproportionately have the financial and time burden of caring for children and the elderly. In times of the cutbacks for public services women are increasing having to perform this care-work. Therefore, social assistance rates need must take into account the time and resources women expend in care work. At the same time, social assistance should not essentialise women as primary care givers and needs to work towards achieving equality between men and women in care-giving. Furthermore, there is a growing trend in many countries to provide social assistance grants on the basis of fulfilling certain conditions.[10] There is one argument that these programs provide women with independence and shift the power balance in the home because women are given greater control over the household's resources.[11] However, these programs 'may create an unnecessary burden on women while perpetuating traditional notions of gender roles within the family.'[12] These types of conditions can increase women's time poverty which limits the amount of time they have to invest in training and employment opportunities.[13] Therefore, these conditions need to be carefully reviewed to ensure they do not re-entrench gender inequality.

In eliminating poverty in all its forms it is necessary to understand how disadvantage tracks onto to status based characteristics, not just in relation to gender but other markers of identity. If states, development policies, human rights, civil society organisations and other relevant stakeholders appreciate and take steps to address the nexus between inequality and poverty the SDGs hold real promise in eliminating poverty in all its forms.

[1] 'Report of the Open Working Group of the General Assembly on Sustainable Development Goals' (Aug 2014) A/68/970.

[2] 'Millennium Development Goals: Goal 1 Eradicate Extreme Poverty' <http://www.un.org/millenniumgoals/poverty.shtml>.

[3] ibid.

[4] A. Sumner, 'Global Poverty and the 'New Bottom Billion': What If Three-Quarters of the World's Poor Live in Middle-Income Countries?' Institute of Development Studies Working Paper (September 2010).

[5] Branko Milanovic, 'National vices, global virtue: Is the world becoming more equal?' globalinequality blog (22 December 2014) < http://glineq.blogspot.co.uk/2014/12/national-vices-global-virtue-is-world.html?spref=tw>.

[6] UNDP,' Human Development Report 2013: Canada'< http://hdr.undp.org/sites/default/files/Country-Profiles/CAN.pdf>.

[7] Amber Hildebrandt, 'Half of First Nations Children Live in Poverty' CBC (19 June 2019) <http://www.cbc.ca/news/canada/half-of-first-nations-children-live-in-poverty-1.1324232>.

[8] UN Special Rapporteur on extreme poverty and human rights, 'Final draft of the guiding principles on extreme poverty and human rights' (2012) A/HRC/21/39 [8].

[9] ibid. See also, See World Bank, 'Voice and Agency: Empowering Women and Girls for Shared Prosperity' (World Bank, 2014) and World Bank, 'The World Development Report: Gender Equality and Development' (World Bank, 2012).

[10] UN Special Rapporteur on extreme poverty and human rights, 'Cash transfer programmes' (2008) A/HRC/11/9 [70].

[11] ibid [68].

[12] ibid [71].

[13] UN Special Rapporteur on the right to food, 'Women's rights and the right to food' (2013) A/HRC/22/50 [2], [41]-[42].

Meghan Campbell is the Weston Junior Research Fellow at New College. She is on Oxford Legal Assistance Executive Committee and Deputy Director of the Oxford Human Rights Hub.

More Than a Bargain

Monique Villa *(www.trust.org)*

It's Saturday afternoon in London. A black dress is on display at the main window of a store in Oxford Street. The price? £5. Across the road, a fashionable cosmetic brand is launching its latest glittery lipstick. It's made of mica. At the supermarket next door there's a good offer on tea. It comes from the North Eastern Indian region of Assam.

Appealing deals? Absolutely. But what if I told you that all these products may have been produced by people, sometimes children, forced to work against their will, living in misery, and trapped into a deadly cycle of exploitation? What if I told you that these products were probably made for you by slaves?

You don't have to take my word for it. The U.S. Federal government compiles an official list of products believed to be the result of child and forced labour. It's extensive, and includes 134 products from 73 countries, from coconuts hand-picked in the Philippines to diamonds mined in Angola. If you add to that list the evidence collected by anti-slavery NGOs around the world, the product range extends significantly to cosmetics, fish, tea and many other categories. Almost nothing is untainted.

Slavery is far from over. According to *Walk Free* there are currently more than 30 million people enslaved around the world, the highest number in history and roughly equivalent to the population of Australia and Denmark combined. It is a fast-growing industry worth US$ 150 billion a year, three times *Apple's* annual profit.

Cheap labour, slavery, debt bondage and human trafficking are all intertwined. The common denominator is vulnerability. The victims don't know their rights and may think they have nothing to lose. Little do they know that their own freedom is the ultimate price to pay.

Take India, home to almost half of the world's slaves, 14 million, according to *Walk Free*. The hills of Jharkhand host the world's largest mica mine. Mica is a shiny mineral increasingly in demand for its use in cosmetics and paint. It's also used as an insulator for electric microchips. A recent report has exposed how mica from the Jharkhand hills is mostly sourced by children as young as 11 years old. They work barefoot, at risk of snake and scorpion bites, and are prone to contract respiratory illnesses. Some die trapped in collapsed caves. These children earn 5 rupees (0.08 dollars) per each kilogram of mica they mine.

Cheap labour, slavery, debt bondage and human trafficking are all intertwined. The common denominator is vulnerability. The victims don't know their rights and may think they have nothing to lose. Little do they know that their own freedom is the ultimate price to pay.

In 2013, the collapse of a factory complex at Rana Plaza in Bangladesh killed almost 1,200 workers producing garments for some of the most popular brands in the Western World. The accident highlighted how slave labour is fuelling 'fast-fashion', an industry worth 3 trillion dollars a year. It was the world's worst industrial accident in 30 years.

Slavery is a global issue, one that goes well beyond the fashion industry.

Recent reports have highlighted the plight of Burmese immigrants in Thailand who are trafficked and enslaved to fish the prawns that end up on our plates. They travel to Bangkok with the promise of a good job, but instead end up being sold for as little as

Monique Villa

£200 to merciless captains of 'ghost ships'. They spend their lives at high sea, sometimes without touching land for some 18 months. They are beaten, raped and executed if their 'productivity' falls below the captain's standards.

Thailand is the world's largest prawn exporter. It ships 500,000 tons of shrimp per year in an industry worth some $7.3 billion annually. International supermarket chains have recently been named as recipients of Thai shrimps sourced with slave labour. It's not surprising. In Thailand, slavery is so intertwined with the fishing industry that leading anti-slavery NGOs believe the entire country's seafood export industry would probably collapse without slave labour.

There should be real incentives for companies that decide to tackle slavery in the supply chain. It's unrealistic to expect that they will spend money to map their supply chains if competitors who choose to do nothing can easily get away with it and rank in more profit.

In the past few years, the construction binge linked to some of the world's major sporting events has also brought the building industry under the spotlight. I have personally met a Nepalese man who contracted a huge debt with a labour broker in order to get a job in an office in Qatar. At his arrival in the Gulf State, the man had his passport taken away, wasn't paid regularly, lived in appalling conditions, and worked fifteen hours a day under the excruciating sun. He had been enslaved, his freedom linked to a debt he would never be able to pay back.

This is not an issue exclusive to the Gulf States. Overall, the global construction industry is one of the world's biggest employers, with a huge migrant labour force. According to a report by *Oxford Economics,* the global construction output will continue to grow, reaching a turnover of $15 trillion worldwide by 2025, a 70% rise from present levels.

Despite the different nature of each of these industries, the dynamic behind the exploitation mechanism is strikingly similar. It has its roots in poverty, negligence, and most of all, corruption. But the ultimate question remains: who is fuelling the modern-day slave trade?

Supply chains are where it all begins. They are becoming increasingly long and complex, and companies are outsourcing their responsibility to third party certification schemes that in reality do not

guarantee much at all. And then there's corruption. Many of the factories in Bangladesh where workers lost their lives, as well as hundreds of Indian factories where young girls are enslaved, have been 'ethically audited'. These audits can often be lucrative corrupted shams run by local companies, outsourced by big multinationals.

Even when audits are properly enforced, they tend to miss the point. The reality is that they tend to be built around products, not people. Therefore they miss addressing the issues within the areas of the supply chains which are most at risk. We could achieve more by auditing the process by which migrant workers enter a company or its supplier's operations: have they paid thousands of dollars of debt to a labour broker to get those jobs overseas? If so, they are generally enduring working conditions that are often deeply exploitative.

There are good stories of success, but they are mostly local, such as the *Transparency in Supply Chain Act*, introduced just over a year ago in California. Similar measures have been successfully implemented in Brazil.

However, an increasingly global economy calls for international standards and regulations. We have them across other industries, why shouldn't we have them to keep slavery out of the the supply chains?

Global regulation is not the only answer. If we use the market as a force for good, we could see change at a much faster pace. Governments can take years to pass laws and then never enforce them, while a major corporation has the capacity to switch suppliers in a day, making a huge impact in the market, and changing the lives of millions of individuals by virtue of how they decide to source. There should be real incentives for companies that decide to tackle slavery in the supply chain. It's unrealistic to expect that they will spend money to map their supply chains if competitors who choose to do nothing can easily get away with it and rank in more profit. If we want multinationals to prevent slaves from entering their supply chains, we need to speak brand reputation and risk.

Today, if you compare state GDP to net profits, global corporations are bigger and more powerful than many nation states. Big business is a key player in the fight against slavery: 30 million is indeed a big number, but not one that global corporations cannot tackle.

Some CEOs have already taken bold steps. A leading British cosmetic company has recently dropped mica from its entire product line after findings that sourcing of the mineral in India – where 60% of the world's mica is produced – often involves child labour and child slavery.

Other companies are taking different approaches. Some, operating in the food industry, are re-assessing their supply chains, and where issues are detected, they are working with local communities – such as in Cote D'Ivoire - to make sure children stay in school instead of being exploited in cocoa plantations. The same is beginning to happen in the Assam region of India, where a lot of the world's tea comes from.

But in the end, it is simply up to the consumer to be informed, pay attention and to ask the right questions when buying. Each time I see a pack of prawns at my local supermarket I cannot help but wondering who's behind that perfectly packed box. As a result of what I know, I have ditched prawns altogether, but I am aware that in the long-term this is not a viable answer, simply because all the goods that we buy come from a global supply chain which is incresingly difficult to track down.

The global economic system is delivering cheap products and spreading jobs worldwide, but it is out of sync with the human rights agenda. My hope is that global corporations will start playing a leading role in the fight against slavery. They have a moral obbligation, but also a commercial opportunity.

There has been a substantial increase in awareness around slavery. More investigative reports have been published, more money has been committed to the fight against human trafficking, world leaders such as Pope Francis have publicly taken a strong stand, and heroes such as Kailash Satyarthi have been recognised with prestigious Awards. The issue is certainly in the public domain and it will continue to be so. It's only a matter of time until consumers will demand a real solution.

My dream would be that in a few years we can implement a 'slave free' certification to goods to give consumers reassurance they are not funding modern-day slavery. That certification would have to be global and force corporations to look carefully in their supply chain. All this could happen if the big players are on board. I am committed to try to make this happen.

Monique Villa is a journalist, a business leader, and a passionate advocate for women's empowerment. She was appointed CEO of Thomson Reuters Foundation in 2008. She has since transformed the organisation into a global corporate foundation, leveraging the skills, expertise, and values of Thomson Reuters to run groundbreaking programs which trigger change and empower people across the world.

With the strong belief that philanthropy and business must go together, Monique accelerated the Foundation's expansion by launching several new initiatives around the world.

In July 2010 she created TrustLaw Connect, a groundbreaking market place to connect prestigious law firms willing to work at no cost with NGOs and social enterprises in need of legal assistance. Under the leadership of Monique Villa, the Thomson Reuters Foundation created Aswat Masriya, an independent and unbiased Arabic news website set up to ensure fair and unbiased reporting of the Egyptian elections which followed the Arab Spring. Today, Aswat Masriya is an authoritative mainstream source of information across Egypt and has expanded its coverage into business news.

In 2012 Monique launched the Trust Women Conference. The event gathered in London over 350 delegates from all over the world to tackle issues such as human trafficking, slavery, child and forced marriage, FGM (female genital mutilation) and the Arab Spring. The conference generated concrete commitments to put the rule of law behind women's rights.

Leveraging the journalism skills of Thomson Reuters, Monique and her team developed and launched a number of innovative polls, which put human rights at the heart of the news agenda. The Foundation's latest poll, The Best and the Worst G20 Countries to be a Woman, reached over 3 million people through Twitter. Through its media development service, TrustMedia, the Thomson Reuters Foundation trained over 11,000 journalists worldwide, enhancing professional standards across more than 170 countries.

Under Villa, the fast growing Foundation's editorial team made front-page headlines by covering the world's underreported stories, putting the emphasis on humanitarian relief, climate change, corruption, women's rights and social innovation. AlertNet was rewarded with the Voice of Courage Award from the Women's Refugee Commission as well as the prestigious EPPY Awards from Editor and Publisher in 2011.

In 2011 Monique Villa was ranked 43 of the world's 100 most influential people in Business Ethics by the think tank Ethisphere. Prior to joining the Foundation, Monique was Managing Director of Reuters Media and Chairman of Action Images.

A French national, Monique spent the first part of her career at Agence France-Presse (AFP) where she held a number of senior journalistic and management positions. She reported for a number of years from Paris, Rome and London where she was bureau chief from 1991 to 1996. She then became Director of Strategy and Business Development at AFP headquarters in Paris, with responsibility for the agency's major partnerships worldwide.

Monique has two sons. She studied Law and Political Science and has a Diploma from the Paris Centre de Formation Des Journalistes. She lives in London.

Is Donation an Effective Tool in Helping the Local Voluntary Sector?

Stephen Mallinson *(www.localgiving.com)*


Stephen Mallinson

There are thousands of charities across the UK, both large and small, which do some truly amazing and inspirational work. From *Cancer Research UK* making groundbreaking discoveries in the fight against cancer, to Plymouth-based charity *Grow4Good* helping people at risk of social exclusion to integrate through a community garden project, together they comprise an essential supporting pillar of civil society.

But sadly many of the smaller, local, charitable organisations in the UK are struggling to survive. According to the *National Council for Voluntary Organisations,* the total income from the Government to the voluntary sector fell by a total of £1.3billion between 2010/2011 and 2011/2012, and interestingly the only charities to see an increase in funding of (£105 million) were the larger, international organisations. With only a handful of volunteers and scarce funding, it's no surprise that recent research by the *Charities Aid Foundatio*n found that one in five smaller charities now fear for their survival.

...even when a charity is able to secure a grant, it cannot assume that the funding will continue into the future as cuts become more prevalent.

The fundamental problem facing many local charities is that the drying up of grant funding to support their work on a long-term basis is happening just as demand for these charities' services is, in many cases, increasing. This leaves funders, major donors and grant-makers in a difficult predicament when deciding how to distribute funds. Many groups providing valuable services to their communities will inevitably be left out. And even when a charity is able to secure a grant, it cannot assume that the funding will continue into the future as cuts become more prevalent.

The question is, how can the limited funding available be best used to help ensure the sustainability of the sector as a whole?

Rather than distributing funding in the form of grants, major donors can use their donations in an effective manner to incentivise and leverage giving from members of the public to smaller charitable organisations.

Part of the answer involves empowering groups to conduct their own fundraising and encourage donations themselves. By building a network of engaged supporters, smaller charities have the opportunity to not only create a stable funding base, but also to increase the impact they deliver within their community. Online fundraising, in particular, can enable smaller organisations to connect with interested parties and extend their supporter base in a way that is both time – and cost-effective. However, many such groups are not in a position to fully exploit this opportunity due to a lack of time, resources and confidence with online technologies. This is borne out by the fact that 59 per cent of charities with an annual income under £1 million do not currently accept donations online.

There is a need to educate and encourage these groups through the provision of training in social media, email marketing and online fundraising, explaining the importance of raising awareness to engage with members of the public and encourage donations, whilst also building their online profile.

Recent research by the *Charities Aid Foundation* claims that seven in ten people in the UK give money to charity, but only seven per cent of donations go to small charities; a huge gap that underlines the problems smaller charities face in building public engagement.

This is where major donors can make a real difference. Rather than distributing funding in the form of grants, major donors can use their donations in an effective manner to incentivise and leverage giving from members of the public to smaller charitable organisations. As part of an integrated campaign, this kind of leveraged giving can be used to raise public awareness whilst simultaneously engaging small charities with online fundraising, and providing practical experience to develop their digital skills.

Campaigns such as #GiveMe5 not only provide an incentive for people to give, but also for charities to ask for donations and engage with online fundraising. They provide a basis for the start of two-way relationships between local people and the groups serving their community.

Incentivised giving initiatives are a success with charities and donors alike. By utilising a financial incentive – ranging from 100% match funding, to probabilistic matches and prize funds – they are proven to help local charities to secure donations online. At the start of the year we ran an incentivised giving campaign called *#GiveMe5,* which randomly matched 2,000 £5 donations made to local charities across two 24 hour periods. The £10,000 donation that facilitated the campaign generated a total of over £57,000 of funding, benefiting 465 local charities. The campaign proved to be a highly effective method of encouraging financial support for small charities from members of the public who otherwise would not have chosen to donate; four out of five donors (83 per cent) said the ability to have their donation matched influenced them to donate.

Campaigns such as *#GiveMe5* not only provide an incentive for people to give, but also for charities to ask for donations and engage with online fundraising. They provide a basis for the start of two-way relationships between local people and the groups serving their community. With the right support, groups can be guided to nurture these new relationships and develop them into long-term financial support in the form of regular direct debit donations.

Incentivised giving provides a time and cost-effective way for funders and major donors to reach hundreds of charities through a single transaction. Funds can be shared 'democratically' (ie determined by the choice of online donors) across multiple groups, whilst simultaneously augmenting the value of public donations.

My vision for the future of the local voluntary sector is one in which funding is not perceived as a persistent problem, but rather something that can be approached with confidence and from several angles. Local charities with the appropriate tools, resources and skills should be able to fundraise online and accept donations with minimal time-commitment. To further ensure their sustainability these charities can participate in national campaigns, so that they can benefit from amplified messaging, achieved by having a large number of groups working together at the same time, which in turn builds greater public awareness of local charities, the valuable services they deliver and the issues they face.

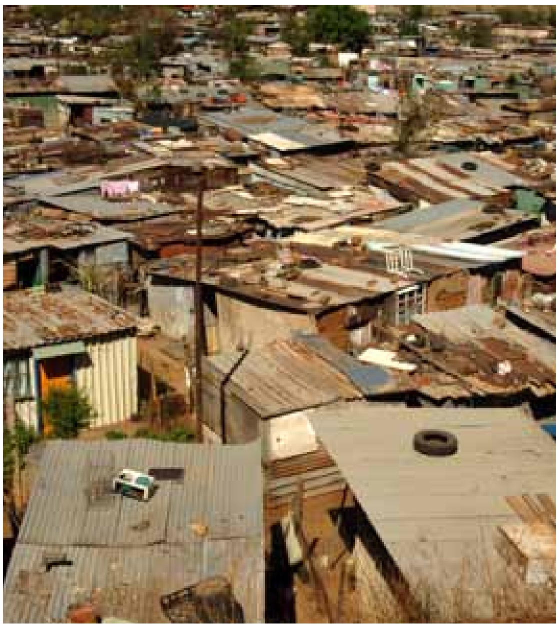
Local charities often step in to fill the gap where the state is unable to, providing protection or help for vulnerable people in our society, and improving and enriching lives. It is vital that we, in turn, protect the future of these groups and enable them to survive and grow. Major funders, the government and grant makers working together to use their funding in a responsible and sustainable manner, facilitating support from the general public, is both a practical and possible solution. If donations from the public are leveraged against larger donations from philanthropists in this way, it's my belief that donation can, in fact, be an effective solution in helping the local voluntary sector to achieve sustainability.

Stephen started his career in telecoms and liked it so much he stayed there for over 30 years. He has worked in large corporates and tiny startups in the UK and the US. In 2000 he moved to Cambridge to head up ip.access which, under his 11 year leadership, grew to become a world leader in small cellular base stations. After a spot of interim chief executive work, he started a portfolio of projects including developing a TV miniseries, managing creative artists in the UK and US, and chairing a local animation software company. Having developed a passion for the third sector and CSR for technology companies, he took up the chief executive role of Localgiving in 2014. A father, Princes Trust business mentor and with a keen interest in contemporary music, Stephen has concluded that competence at electric guitar is still worth striving for, although fluency in Welsh, despite his best efforts and regular exposure to S4C, still escapes him.

The Poor:
Not Always With Us

Gary Mead *(www.impactinvestor.co.uk)*

What does it mean to be poor? Different things to different people, obviously. Relative poverty is a slippery concept, but no one has improved over what Adam Smith wrote back in 1776.



He defined relative poverty as the inability to afford "not only the commodities which are indispensably necessary for the support of life, but whatever the custom of the country renders it indecent for creditable people, even of the lowest order, to be without." These are the poor who, according to Matthew 26:11, will always be with us – someone, somewhere, will always be without what it is considered decent to have. It is those who are trapped in absolute poverty that need help from us, and a helping hand to enable them to help themselves.

The universally accepted definition of absolute poverty is that of the *World Bank,* which defined it first of all as living on $1 a day, and in 2008 re-set it (to take account of inflation) to $1.25 a day.

Trying to survive on $456.25 for a year is incomprehensible to those reading this article. But extreme or absolute poverty is not just about lack of money. It's about people having inadequate or no access to basic sanitation; people who suffer from insufficient energy resources; people whose educational opportunities are limited, and for whom all economic opportunities, on a national and individual level, are constrained. People subsisting in the absolute poor category die younger, are more likely to be illiterate and innumerate, and daily face impossible decisions for their survival. How many people are living today in absolute poverty? We cannot know with total precision but the best estimate is around 1.5 billion people.

People subsisting in the absolute poor category die younger, are more likely to be illiterate and innumerate, and daily face impossible decisions for their survival.

It is vital, however, not to be a moaning Minnie and present an incorrigibly gloomy picture. The alleviation of absolute poverty, remarkably enough, is happening, and it's partly thanks to globalisation, freer trade between nations, and economic growth. According to the *World Bank*, around 43% of the developing

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world lived in absolute poverty in 1990. By 2010 that had more than halved. Partly this is explained by the tremendous economic boom of Asia (particularly China) and Latin America. China alone accounted for a 75% drop in absolute poverty over the last 30 years; in 2000 it officially declared that it had eliminated absolute poverty.

Nevertheless there are huge swathes of the world – particularly in Sub-Saharan Africa – where levels of absolute poverty remain high. The *World Bank* reported two years ago that "despite its falling poverty rates, Sub-Saharan Africa is the only region in the world for which the number of poor individuals has risen steadily and dramatically between 1981 and 2010. There are more than twice as many extremely poor people living in SSA today (414 million) than there were three decades ago (205 million). As a result, while the extreme poor in SSA represented only 11% of the world's total in 1981, they now account for more than a third of the world's extreme poor."

How fast the absolute poverty rate continues to fall therefore depends primarily on economic growth, an uncertain prospect in the wake of the 2008 financial crash. There are hopes that, given average GDP growth levels over the next 15 years, then absolute poverty could be totally eliminated by 2030. But just as no-one could have forecast the astonishing drop in the absolute poverty rate back in 1990, no-one can have the foresight now to be sure that absolute poverty will disappear in the next 15 years – particularly in parts of sub-Saharan Africa.

But let's be optimistic and assume that absolute poverty largely becomes a sub-Saharan Africa problem. By 2030 nearly two-thirds of the world's extreme poor will be living in states now deemed "fragile", such as the Democratic Republic of Congo and Somalia. Most of the rest will be in middle-income countries. This will be beneficial in two ways. The first is that it will become easier to target the very poor; and the second is that the cost of helping them will fall to levels that are, by contrast with previous eras, extremely low – so the cost of bringing the final very poor out of poverty will be almost nugatory. Absolute poverty will disappear – it's just a question of when.

The next stage – and perhaps the one that non-official donors and philanthropists should be concentrating on today – will therefore be the targeting and alleviation not of absolute poverty problems, but of specifics. What Africa really needs today is not just well-intentioned but perhaps misguided charity – not more subsidised goats – but regular major injections of capital into its physical and intellectual infrastructure: ports, roads, railways, housing, water, electricity, education. It also needs better banking, stock markets and access to finance. It needs a political class that is prepared to accept better standards of governance – and auditors capable of really going through the books to ensure that they are clean. Writing a cheque may make you feel good; it may even do some good; but what will really change sub-Saharan Africa is engagement, encouragement, and education.

Gary Mead is a former Commodities Editor of the Financial Times and currently is Editor of ImpactInvestor.co.uk; he writes here in a personal capacity.
2014: Editor, www.impactinvestor.co.uk
2013: Executive Director, New City Initiative (NCI)
2012-2013: Director of Media Relations, Institute of International Finance, Washington D.C.
2001-2012: Senior Analyst and Deputy CEO, VM Group, London
1998–2001: Head of Research, World Gold Council, London
1988–1998: Journalist, Financial Times

PUBLISHED BOOKS
South Africa (travel guide, published by Odyssey, 1997)
The Doughboys – America and the First War (Penguin, 2000)
The Good Soldier – Field Marshal Douglas Haig (Atlantic 2007)
Victoria's Cross – (May 2015, Atlantic)

Poverty and Inequality and its Implications for Philanthropy

Michelle Wright *(www.www.cause4.co.uk)*

Earlier this year I was lucky enough to attend the *Philanthropy Impact* Shaftesbury Dinner, which centered on the subject of poverty, inequality and its implications for philanthropy.

Of course, such a discussion about inequality is timely. According to current figures from *Oxfam*, just 80 people own as much wealth as half the world's population, whilst nearly a billion people can barely afford to feed their families. The facts are staggering.

And issues of inequality continue to rise; *Oxfam* predicts that the combined wealth of the richest 1 per cent will overtake that of the other 99 per cent of people next year.

However, it is some of these mega wealthy self-made entrepreneurs that are also at the front of the world's new type of philanthropy, sometimes considered 'philanthrocapitalism'. Figures such as Bill Gates and Mark Zuckerberg to name just two, are approaching philanthropy with an entrepreneurial zeal, which is leading to a new type of giving. Their approach is that we can 'cure or solve' issues such as malaria or Ebola through employing a solutions-based focus, which might not only save capitalism, but which will also allow new ideas and talent to rise.

The impact of what Gates has achieved is of course staggering, but when we remind ourselves of the last generation of wealthy philanthropists that were more 'general' in their giving back to society, through the setting up of mega Foundations in the 50s and 60s such as the *Wolfson Foundation* or *Esmée Fairbairn Foundation,* it is interesting to consider whether these new types of philanthropy are actually damaging the overall options for charitable investment for the wider good.

It is well recognised that the word Philanthropy translates as 'love of humanity'. The act of giving is by its nature often presumed to be good, as well as having aspects of a Robin Hood mindset, in that we are redistributing money from the wealthy to improve conditions for those less fortunate. However, if the desire is that philanthropy should be at the heart of the new economy, then we need to be clear about whose interests it will serve.

The new Gates-type of philanthropy is built on the premise that the very, very wealthy – not just the top 1 percent, but the top .01 percent – are uniquely positioned to create social change by using their resources and networks to leverage public money and to create a new infrastructure for public-policy design and delivery. It's more than conscious absolving for the mega-wealthy – it's fundamental to the development of social programmes.

According to current figures from Oxfam, just 80 people own as much wealth as half the world's population, whilst nearly a billion people can barely afford to feed their families.

But this system raises many questions. What are the pros and cons of a system built on this kind of largesse? It undoubtedly puts decision-making in the hands of the elite and by its very nature is anti-democratic. And what happens when things go wrong? Entrepreneurs are not always right, and issues of humanitarian development are complex, far more so arguably than designing the best software or social media site.
How do we hold these new types of philanthropist to account? And what happens to important programmes that are not popular with the rich?

And we shouldn't forget that however much we focus on these mega philanthropists, giving by the ultra-rich still makes up only a tiny proportion of total giving. A recent report puts total annual giving by individuals in the U.S. at around two hundred and thirty billion

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dollars – about thirty times the amount given last year by the people on the *Philanthropy 50* list.

Similarly, the *Philanthropy 50* list suggests that rich donors spend less on causes having to do directly with poverty alleviation than on other areas. The categories that received the greatest amounts of funding from the fifty highest givers were foundations, colleges and universities, followed by hospitals and medical centres.

It seems in fact that less wealthy people tend to give more to causes focused on the poor than their wealthier counterparts. According to a 2008 Stanford study commissioned by *Google,* as much as thirty-six per cent of giving by households with incomes of less than a hundred thousand dollars 'focuses on needs of the poor,' compared with twenty-two per cent of giving for households with incomes of a million dollars or more.

Of course, it's true that philanthropy alone can only do so much. Philanthropy can help to test new ideas and fund deficits in services but ultimately, government policy and the way that services are delivered, will always have a greater effect than charitable endeavor alone.

So what can be achieved by those who genuinely want to address inequality through philanthropy? Some thoughts follow below:

1. We shouldn't forget the potential for grass-roots appeals for causes that already exist with mass popular support. Mega philanthropy can successfully co-exist with public support, and in joining up resources we are likely to be able to achieve more.
2. There should be an ethical understanding of the funding ecology, with philanthropists not having disproportionate influence about how policies are made or how organisations are governed.
3. Perhaps a move should be made to the mega-wealthy giving anonymously in a campaign around inequality, to avoid the distortion of public perception about philanthropist motivations, and to support a more equitable and sustainable design approach to programme and system development.
4. Our professional advisers have a key role to play here in highlighting the potential for philanthropists to make a difference in this field as leaders, as do social investors and impact investors. As a key area of need and with the focus often in other more fashionable areas, there is a real chance to lead the way by devising campaigns that can demonstrate genuine impact.
5. And perhaps we should be seeking a return to the Golden age of the more general grant-maker set-ups of the 1950s and 60s, but in modernised form. This type of Foundation-led philanthropy could help to see the charitable ecology thrive, especially in the areas of poverty and inequality, allowing for a more democratic and competitive access to funds.

Michelle Wright trained at the Guildhall School of Music & Drama and played the violin professionally. A chartered marketer, manager and fundraiser, Michelle set up social enterprise Cause4 in May 2009 and since has undertaken major strategic and business development projects, including campaign developments with a number of national charities and consultancy work for FTSE 100 brands developing their cultural sponsorship programmes.

Michelle also specialises in philanthropy, having recently developed a number of major philanthropy projects for charities and corporates, and having set up new philanthropic foundations for sports stars, artists and entrepreneurs.

In 2014 Michelle was awarded the IWEC award for outstanding entrepreneurial achievement, and represents the UK as a National Champion for Entrepreneur of the Year in the European Business Awards. She was part of the 2015 Maserati 100 list for Entrepreneurs that 'give back'.

The Millennial Generation:
Implications for Philanthropists

Eugene Johnson *(www.nexusyouthsummit.org)*

Much is said about the Millennial generation, with scholars and media figures either extolling their innovative perspectives or questioning their collective potential to affect change. But Millennials, and youth in general, are not just a buzzword in debates, as they quite literally form the foundation of societies.

According to the *United Nations Population Fund,* people under 24 years of age comprise nearly a half of the world's population of 7 billion. Rapid urbanisation, growing inequality, the economic crisis, and rising youth populations have been at the forefront of international policy conversations. Many scholars and policymakers for decades have expressed deep fears that large youth populations will promote instability. Speaking before the *United Nations Commission on Population and Development* in April 2012, Secretary General Ban Ki-Moon noted that "(t)his generation of youth is shaping history. We saw that dramatically across the Arab world starting over a year ago in Tunisia. And we see it globally now in homes and in communities, clinics and schools, governments and intergovernmental organisations. Youth are more than a demographic force – they are a force for progress." Yet this vision of young people as a 'force for progress' can only be realised if the international philanthropic community works to create and protect spaces for youth to unite.

We all can recall the perils and joys of youth and adolescence – of how we were passionate, headstrong, opinionated, daring, or energetic, but how we also may have been more dependent, vulnerable, unsure, or prone to influence. It is precisely during this stage of personal development that positive mentors and educators can help leverage this whirlwind of emotions and insatiable curiosity to help young people find passion and meaning that can last a lifetime.

Without resources, mentors, or a strong community… curiosity and hunger for experience can also lead young people towards desperate decisions and extreme, misguided solutions to problems.

As well, a strong sense of belonging in a community can help build confidence and recognition. Without resources, mentors, or a strong community, that same

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curiosity and hunger for experience can also lead young people towards desperate decisions and extreme, misguided solutions to problems. This is no secret among those working in the philanthropic space, and plenty of excellent work is being done to address the immediate needs of youth in our own communities and around the world. Still, exponentially more needs to be accomplished, especially in seemingly uncertain times, where young people are driving both innovation and violent conflict around the world.

do we need more jobs created for youth, or more young job creators?

Through our philanthropy, it's increasingly easier to connect a young person with a microfinance loan to build a business, to build a school for a community in need, to fund a vaccination program for children to fight against a communicable disease, or to educate the next generation of technology innovators. This is all extremely necessary, and no progress can be made without connecting young people to the basic resources and education they need to advance and propel their communities away from poverty. But as we make progress on these fronts, we must pause to consider how we can affect systems in addition to individuals, multiplying the impact of our giving and accelerating solutions for particularly daunting challenges. We know how to give a young person tools to advance, but how can we ensure there will be a collaborative space or an opportunity for them to leverage them? Recent youth-dominated social movements from New York to Istanbul to Hong Kong, although divided on many issues, cried out loudly for more opportunity for young people. But do we need more jobs created for youth, or more young job creators?

Young people, and especially young adults, are perhaps the best-equipped to navigate the rapidly shifting paradigms in global markets and the workplace. Understanding and adapting to innovative technology gives us unprecedented access to information and a competitive edge. Yet young people around the world face challenges in accessing stable work as the traditional career paths crumble. Building strong networks of self-sufficient and supportive peers is more important than ever, no matter the income level or challenges of a particular nation or society. And, in an ever-global world, we must find ways to connect like-minded communities around the world. This is why philanthropists of all interests must find ways to support youth-to-youth learning and community-building. Instead of only funding microfinance loans, how can we support systems that connect more young entrepreneurs in developing regions? Instead of just building a school, how can we create programs for inter-school exchanges? Instead of only funding vaccination programs or technology education, how do we build more engaged communities of young scientists? Perhaps most importantly, how do we foster dialogue and collaboration across the invisible lines that divide us?

Philanthropy is extremely effective when it works towards systemic solutions to address poverty and inequality. Creating diverse, peer-to-peer, international communities of youth is the most effective way to maximise value, to preserve wisdom, and to create the foundation of a more promising future. At Nexus, a global movement of over 2,500 young philanthropists and social entrepreneurs, we apply this vision to philanthropy and strive to maximise the potential of the greatest wealth transfer in history. To that end, we host a non-transactional and safe learning community for emerging members in this space. We understand that next-generation leaders are increasingly connected more deeply to the causes they support, and are working more directly with organisations and individuals to whom they give. A generation of more active philanthropists and entrepreneurs is experiencing new challenges and opportunities, and the established philanthropic community should welcome their perspectives.

By connecting young people of means and influence to their peers in social entrepreneurship, we help broaden perspectives and reinforce the notion that philanthropy is more than just an isolated tax exercise for our elders, but rather often a source of life-purpose and meaning that can support lasting social progress. We strongly believe that a young philanthropist working on environmental issues can learn profound lessons from her peers working on issues of human trafficking and modern-day slavery, for instance. Often we find that our issues of focus are more interconnected than we expected. And we hope that by convening diverse groups of philanthropists and entrepreneurs, we can help young people forge unlikely alliances to find innovative, 21st-century solutions to 20th-century crises. The overarching theme is how these issues impact young people, highlighting what their stories as protagonists, as investors, as leaders, and as change-makers to address these problems. Strengthening ties between young philanthropists at an early age accelerates and multiplies our impact for the decades to come.

Our model has helped our members forge lifelong relationships, has inspired countless social ventures and philanthropy, and has created an international learning community for young people. However, our model is by no means unique, and in every field of interest there are actors working to unite and support youth communities in some way. While we each should remain committed to our chosen causes, we must increasingly pay attention to how our work can specifically support youth, and how we can build bridges between communities of young people. Solutions to poverty and inequality are systemic and do not beget conflict or violence to be implemented. Fighting adversity with unity and a diverse network of communities or changemakers creates opportunity, and may be the best way we can ensure our impact is sustained for generations.

Eugene Johnson is a social entrepreneur, conflict analyst, researcher, and millennial organiser with experience working in coalition-building, conflict resolution, and humanitarian affairs. He currently serves as the director of the Global Campaign for a Culture of Philanthropy at Nexus, having previously worked with organisations such as Uber and the United Nations World Food Programme. Eugene's research focuses on the dynamics surrounding social and political movements outside of the West, and he has developed an expertise surrounding youth in post-conflict and disaster areas.
Eugene received his BA in International Studies from American University and his MA in International Conflict & Security from the University of Kent's Brussels School of International Studies. He resides in Washington, DC, USA.

Why We Must Tackle Inequality If We Are To Eradicate Extreme Poverty

Mark Goldring *(www.oxfam.org.uk)*

This year, a series of key global summits will attempt to set out a bold agenda: to tackle global poverty in a way which will leave no-one behind; and to ensure we sustain the natural resources and stable climate on which we all rely.

Mark Goldring

At the core of this will be the development of a new set of 'sustainable development goals' to replace the *Millennium Development Goals*. When agreed, these should guide the work of national governments, bodies such as the *UN* and *World Bank*, companies, charities and philanthropists in reaching our common goal: an end to the scourge of poverty.

But there is an increasing body of evidence which clearly shows that that we will not achieve this unless we also tackle extreme economic inequality. The statistics to demonstrate this growing inequality crisis are stark. This January *Oxfam* calculated that just 80 people have the same wealth as the poorest half of the planet, and in 2014 we found that seven out of 10 people live in a country where the gap between the rich and poor has grown.

As the Chief Economist of the *Bank of England* said, when we published our report on inequality, these facts 'touch a moral nerve in many'[1]. But then again, the world has always had inequality. It may not seem fair for the have-nots, but does it actually harm their prospects to work their way out of poverty?

Analysis of poverty trends suggests that it does. Bangladesh and Nigeria have similar average incomes. Nigeria is only slightly richer, but it is far less equal. The result is that a child born in Nigeria is three times more likely to die before their fifth birthday than a child born in Bangladesh[2].

Oxfam has done research with the *Brookings Institution* which shows that, if India stops inequality from rising, it could end extreme poverty for 90 million people by 2019. If it goes further and reduces inequality by just ten points, the equivalent of a 36 percent reduction, it could virtually eliminate extreme poverty[3].

The Evidence Is That Vastly Unequal Societies Are Those In Which It Is Harder To Overcome Poverty

For governments this is an important lesson because it means that GDP growth will not necessarily lead to poverty reduction. Extreme inequality breaks that link and prevents that growth being shared. Zambia, for instance, is one of the ten fastest growing economies in the world, and yet poverty there has actually risen at the same time. Conversely, evidence also demonstrates that if inequality is reduced, not only does poverty reduction happen faster, but growth is more sustainable and robust[4].

To understand what's going on here we need to think about what the existence of extreme economic inequality in a county tells us about the policies and practices that go on there. Not all countries are unequal for the same reasons but we can point to some general trends that entrench inequality, and by the same token, make poverty harder to overcome:

Firstly, inequality can sometimes be associated with clear social discrimination. Apartheid is the famous historical example but in many countries around the world, certain groups of people – ethnic groups or women – are still discriminated against through legal statute or rigid social practice. Addressing discrimination is vital if we are to see all people overcome poverty.

Secondly, there is more inequality where a country does not do enough to redistribute. This could be because of low or regressive tax rates, or simply because people do not pay the taxes they do owe. It is estimated that Africa looses $100bn a year in illicit financial flows[5]. This is the loss of an important resource base to tackle poverty.

Addressing discrimination is vital if we are to see all people overcome poverty.

But economic inequality is also the result of policies or economic practices which preserve too much power, and place too much opportunity, in the hands of the richest. This means that the vast majority of people are denied two things we all need to succeed: *investment in their success and the power to take control of their own lives.*

We have to make sure that everyone gets the basic investment they need to succeed. Where the poorest cannot access good quality healthcare or education it stands to reason that those who can pay to be healthy and educated will do better. This breaks down the idea of social mobility and entrenches inequality across generations because richer parents can ensure the investment in their children, whilst society is failing to ensure this for the rest. In the USA, nearly half of all children born to low-income parents will become low-income adults[6].

For people to take control over their own lives they need a certain amount of protection from the already powerful. Countries with weak labour laws and no provision for minimum wages deny people the right to demand fair pay and conditions from their employer. Too many people are therefore trapped working in poverty rather than working their way out of it. According to the *International Trade Union Confederation*, more than 50 percent of workers are in vulnerable or precarious work[7]. The greatest risk is often borne by women. Two years from the Rana Plaza building disaster in Bangladesh it is worth reflecting that most of those killed by the collapse were women.

People are also more able to make bold decisions when they know that if they try and fail, they will get another chance. This is one reason it is so important for governments to provide basic social protection.

There is an economic cost to wasting individual's potential on such an industrial scale – one which is finally being recognised in global policy making circles.

Economists at the *International Monetary Fund* - along with their counterparts at the *Organisation for Economic Cooperation and Development* as well as academic economists – are increasingly warning that extreme inequality is a threat to economic growth itself, and particularly to its sustainability and durability. A recent *IMF* paper models the financial fragility caused by increasing use of financial assets by the rich. It also documents the increasing reliance on unsustainable debt by poorer households, as they try to hold on to decent living standards as incomes fall. The paper warns such financial fragility leads to financial crisis[8].

So there is not – as previously assumed by many – a clear trade off between a fast growing stable economy and a more equal society. If we are sowing the seeds of another financial crisis then it is in all of our interests to have growth that is more equitable.

A rise in economic inequality is also a serious blow to efforts to achieve gender equality.

Studies show that in more economically unequal societies, fewer women complete higher education, fewer women are represented in the legislature, and the pay gap between women and men is wider[9].

So how can philanthropists address inequality?

Firstly, perhaps your greatest contribution can come before your philanthropy and is about your role in creating well paying, decent jobs throughout your businesses and supply chains; and taking pride in paying tax to fund health, education and social security, and encouraging others to do the same. These should be seen by individuals and companies as investments in the stable, prosperous and healthy societies in which they do business.

On top of this, philanthropy can play a decisive role in addressing inequality. You may consider funding grassroots advocacy and campaigning in poorer countries; supporting people to assert their rights. There are also programmes which specifically look to help individuals on the road to success such as *Oxfam's Enterprise Development Programme* which uses investment and business solutions to help poor people work their way out of poverty. Crucially, it is also directly redressing power imbalances in markets and value chains to give poor people more control. In all projects, it is vital to ask whether a project works for women. Creating jobs for women without working to also address the burden of care they bear simply increases their workload.

It will be a historic moment in September when a new set of global development goals are agreed.

The aim will not just be to halve poverty, but to end it, and to do so by 2030. We will only do this if we recognise the simple fact that inequality and poverty are related. We have the tools to tackle both, but we will not end one without addressing the other.

[1] *http://oxfamilibrary.openrepository.com/oxfam/bitstream/10546/333012/50/cr-even-it-up-endorsements-291014-en.pdf*

[2] *Africa Progress Panel (2013) 'Africa Progress Report 2013: Equity in Extractives – Stewarding Africa's natural resources for all', Geneva: Africa Progress Panel, http://africaprogresspanel.org/wp-content/uploads/2013/08/2013_APR_Equity_in_Extractives_25062013_ENG_HR.pdf*

[3] *Seery, E and Arendar, A (2014) Even It Up: Time to End Extreme Inequality, Oxfam, Page 36*

[4] *Seery, E and Arendar, A (2014) Even It Up: Time to End Extreme Inequality, Oxfam, Page 40*

[5] *http://investmentpolicyhub.unctad.org/Blog/Index/42*

[6] *J. Stiglitz (2012) The Price of Inequality: How Today's Divided Society Endangers Our Future, Penguin, p.23*

[7] *International Trade Union Congress (2014), 'Frontlines Report', ITUC, http://www.ituc-csi.org/frontlines-report-february-2014-14549?lang=en*

[8] *http://piketty.pse.ens.fr/files/KumhoffRanciere2010.pdf*

[9] *R. Wilkinson and K. Pickett (2010) The Spirit Level: Why Equality is Better for Everyone, London: Penguin, p.59.*

Mark Goldring, now Oxfam CEO, was previously chief executive of VSO; and has worked in the field for the United Nations Development Programme, the UK's Department for International Development (DFID) and Oxfam too – as Bangladesh country director in the 90s. Before joining Oxfam, he was chief executive of Mencap.

Goldring read law at Oxford and has a Masters in social planning. His considerable services to tackling poverty and disadvantage were recognised in 2008 with a CBE.

Environmental Philanthropy:
Protecting the Sea and Tackling Poverty in Tanzania

Nikki Skipper *(www.wwf.org.uk)*

You may have heard that marine resources are coming under increasing pressure along the entire coast of east Africa. In the past 50 years alone, fish catches in the area have halved due to overfishing, and the marine habitat has been severely damaged. The loss of sea life is not only devastating to the marine environment, but it's also a very real threat to the local communities who depend heavily on fish and seafood for their livelihoods. Through a series of innovative social impact projects supported through partnerships with corporates, the UK government's *Department for International Development (DFID)*, the *European Commission* and our many supporters – we are demonstrating that it's possible to reverse this decline.

Nikki Skipper

Mzee Kionga, 76, a village elder from Somanga on the south-eastern coast of Tanzania has been fishing on and around local reefs all his life. Like many others in the region, he has seen a decline in fish stocks in near-shore waters as a result of unsustainable fishing practices, including dynamite fishing and the use of juya (using dragnets with a tiny mesh size from the beach). These destructive practices are common in the area and Mzee's story is not an isolated case.

Wherever people are in the world they rely on nature to meet the most basic of human needs: food, shelter, water and air. Millions of people like Mzee depend heavily on their immediate environment every day. Over-consumption is putting unsustainable pressure on our planet. The continued destruction and mismanagement of ecosystems will limit the availability of food, water and fuel in the future. And it's the poorest 40% of the global population who'll feel the worst effects most of all – because they're the ones who depend directly on the services that ecosystems provide to meet their basic needs. For example, the decline in fish stocks that Mzee is experiencing is likely to have an impact on the nutrition levels of communities here, as fish contribute about 30% of their total animal protein.

To achieve sustainable development within the means of one planet, conservation must be approached in an integrated way – tackling poverty and climate change as well as stopping the destruction of ecosystems.

WWF's goal is to stop the degradation of the planet's natural environment and to build a future in which people live in harmony with nature. If we're to meet that goal, we need to acknowledge and address the fundamental link between poverty, climate change and ecosystem degradation. To achieve sustainable development within the means of one planet, conservation must be approached in an integrated way – tackling poverty and climate change as well as stopping the destruction of ecosystems. This approach is well demonstrated along the coast of Tanzania where fishing is the main source of income for most people: in some places 70-80% of men are involved in it in some way.

Working with people like Mzee it has been possible to improve the management of local communities' marine resources who have an important role to play in managing fisheries sustainably and protecting vulnerable habitats and species in the area. In 2005, we launched a programme in association with district councils in three areas of Tanzania – Rufiji, Kilwa and Mafia Island – and have more recently expanded to include two other districts – Temeke and Mtwara-Rural. Since then, thanks to support from government aid agencies, corporate donors and members of the public, 54 *beach management units (BMUs)* have been established and thousands of local people trained. The *BMUs* coordinate and collaborate with one another to help improve the management of shared fisheries. They patrol for illegal fishing and dynamite blasting, which they report to the local authorities. And they agree where to set up 'no fishing' areas. They keep a record of any threatened marine wildlife they see – which helps in monitoring numbers. Together they establish and manage acceptable fishing practices and exchange harmful fishing equipment for environmentally-friendly alternatives.

By connecting marine conservation with support for local communities, we're creating a sustainable model that enables both nature and people to thrive.

Supporting the establishment of collaborative arrangements, such as *BMUs*, between communities gives local men and women the power to make decisions about the things that matter most to them: securing nutritious food, preserving the immediate environment and protecting livelihoods. Responding to the issues he was facing Mzee joined Somanga's *BMU*, together with more than 30,000 other people who are now members of BMUs in these five rural coastal districts of Tanzania. As a result of this programme, some fishers along the Tanzanian coast have been able to increase their catches by 130%.

This *BMU* work is complemented by a micro-financing programme in the region, for those who aspire to own or expand their own small businesses. All too often they lack the capital so we've established *Village Cooperative Banks*, known as *VICOBAs*, which act as saving and loan schemes in some of the region's poorest coastal villages. Local people deposit their savings and build up enough capital to become eligible for a small loan to start or develop a business. The profits they make are used to repay the loan, support their children's education, improve their housing and cover emergencies such as medical costs.

The *VICOBA* programme is diversifying people's livelihoods reducing their risk to environmental or other shocks and is also helping to build people's willingness to engage in wider fisheries management and conservation work. By connecting marine conservation with support for local communities, we're creating a sustainable model that enables both nature and people to thrive. It's a fine practical example of the old saying: 'give a man a fish, and you feed him for a day; teach him how to fish, and you feed him for a lifetime'.

Nikki Skipper is Head of Philanthropy at WWF-UK, responsible for overseeing funding partnerships with the environmental foundations and philanthropists who generously support WWF's work to help safeguard endangered species and threatened habitats, and address global environmental threats such as climate change. Nikki has worked in the voluntary sector for over 20 years, predominantly within International Development for organisations including Save the Children, WaterAid and Sightsavers. Nikki has a degree in Environmental Science and joined WWF in 2013 inspired by their vision of building a world where people and nature can thrive.

Combatting Malnutrition In Liberia In The Wake Of A Health Epidemic

Dr Michael Hastings, Lord Hastings of Scarisbrick CBE *(www.unicef.org.uk)*

Imagine a girl growing up in one of the world's poorest countries. Born to an anaemic mother, she is underweight from birth. She does not receive the early breast milk she needs to prevent and fight illness, to grow and to overcome the nutritional deficiencies which she was born with. In the first two years of her life, she is often hungry and rarely gets the nutrients she needs.

Poverty, nutritional deficiencies, lack of clean water and proper sanitation mean she is often sick and her growth is irreversibly affected. Somehow she survives. She is lucky enough to attend school, but her undernourished brain and body makes it more difficult to learn, and she is the equivalent of two to three years behind her peers. When she is old enough to begin work, her diminished physical and cognitive development reduces her earning capacity by at least 20%, making it more difficult for her to feed her own children.

This is the tragic reality for thousands of children in Liberia.

Liberia has one of the highest child mortality rates and lowest GDPs in the world. It's no coincidence. Over half the children there are malnourished and hunger kills 10,000 children every year. Of the children that survive, more than 40% suffer from chronic malnutrition, or stunting, and are unable to perform well at school. This can have a devastating impact on their futures, leaving them unable to earn a living or make a valuable contribution to their community in later life. Child hunger has effectively trapped Liberia in a vicious cycle of poverty.

Sitting on Unicef UK's Board, my fellow Vice Presidents and I agreed this had to change. Working alongside the Liberian government, Unicef has developed a programme of high-impact and cost-effective interventions that tackle the root causes of malnutrition and address Liberia's unique challenges. Through the Liberia Initiative, Unicef aims to reach every child under five in Liberia in the next five years across 15 Liberian counties.

The first 1,000 days of a child's life – between conception and their second birthday – are the most important in their development. Investing in nutrition during this crucial window can change the course of an entire nation.

Children constitute over 50% of Liberia's population and 100% of its future. The social return on investing in nutrition is astounding. It makes so much sense. Not only does good nutrition enhance a child's chances of a better future, it promotes the country's long-term economic growth. Investment now will mean generation after generation of healthy children will grow up to fulfill their potential, helping Liberia to an estimated 3% year-on-year increase in GDP – and a brighter, independent future.

The Government of Liberia has identified nutrition as a national priority and, working in partnership with Unicef, is committed to creating fundamental, lasting change in the country.

This commitment to getting Liberia's health system back on track has never been so vital. Before the Ebola crisis, Liberia was making remarkable development progress. When Ellen Johnson Sirleaf became President in 2006, she generated political will to instigate change at the highest level, and committed to improving child nutrition. A rise in foreign investment led to a rise in the country's GDP and increased resources meant Liberia could invest in basic social services. As a result, under-five child mortality rates were dropping.

Whilst the worst of the epidemic may be over, Ebola has undermined any progress the new government had made in the ten year's since civil war ravaged the country's economy and development opportunities. With Liberia's scarce resources being spent on the

Dr Michael Hastings, Lord Hastings of Scarisbrick CBE deadly outbreak, one of the worst side effects has been the total breakdown of medical services. Treating malnutrition in children became an even greater challenge as infrastructure, resources, funding and staff were redirected towards combatting transmission of Ebola and providing life-saving treatment. The already underfunded and understaffed public health system has been overwhelmed by the recent crisis and weight of years of conflict.

There is a strong need to build back Liberia's economy and infrastructure for the better, especially in rural areas. Building back better will increase the capacity and resilience of Liberia to deal with future epidemics like this.

To achieve this, Unicef is increasing the capacity of health facilities by training health workers, establishing new sites for treating mothers and babies, promoting behavioural change to increase levels of breastfeeding, and creating support networks for mothers during pregnancy. This is the first time services are being coordinated countrywide to ensure better service delivery. We hope to create a model that can be replicated in other countries so that nutrition-related stunting will be a thing of the past.

Despite Ebola, the programme is resuming as usual in eight of the 15 counties and we are working to get the other counties back on track. In many communities, nutrition screenings are being integrated with Ebola prevention, for example, by distributing therapeutic nutrition supplies in Ebola Treatment Units. Household visits are also being conducted to educate mothers to monitor the nutritional status of their children.

If malnutrition is left ignored, the potential of the current generation of children to reach its full potential will be irreversibly lost and Liberia will continue to be trapped in intergenerational poverty and deprivation.

For this country to focus on progress and development, rather than just stability, Liberia faces a long, challenging road ahead. Unicef's initiative to reduce chronic malnutrition in children is a mechanism for achieving this, and for helping Liberia's children build positive futures free from fear and danger.

Michael Hastings is KPMG International's Global Head of Corporate Citizenship. He was previously the BBC's Head of Public Affairs 1996 to 2003 then the first Head of Corporate Social Responsibility 2003 to 2006.

Michael is a Trustee of the Vodafone Group Foundation and previously served for 9 years on the Board for Responsible and Sustainable Business at British Telecom. He first represented KPMG International on the Global Corporate Citizenship Committee of the World Economic Forum 2008 to 2010 and was a Board Director of the Global Reporting Initiative (GRI) 2010 to 2012. In 2009 he became a Member of the World Economic Forum's Global Council on Diversity and Talent, in 2010 served on the 'Global Agenda Council on the Next Generation' and in 2011 became a member of the World Economic Forum's Global Agenda Council on the Role of Business. In 2012 he led the WEF Agenda Council - The Future of Civil Society, as Vice Chairman. Given the impact the group has had over the year that led to the launch of the WEF report (The Future of Civil Society) in January 2013, he was invited to lead the Council for the second consecutive year until July 2014.

In 2005, Michael was awarded the honour of an independent peerage to the House of Lords by Her Majesty The Queen. In the same year he also received the UNICEF award from the then UK Chancellor for his 'outstanding contribution to understanding and effecting solutions for Africa's children'. Michael is President of ZANE - a development aid agency focussed on Zimbabwe.

In 2014, Michael was conferred with a Doctorate in Civil Law from the University of Kent, Canterbury in recognition for his leadership at KPMG, and the BBC on the work he has led towards International Development and Corporate Responsibility.

Michael is Chairman of Millennium Promise UK and a member of the Global Millennium Promise Board. In 2010 he was a leading advisor to the Chatham House enquiry into the Future Role of the UK in Foreign Affairs. Michael sat on the Council of the Overseas Development Institute in the UK and previously on the Centre for Global Development in the USA. In 2011 he became Vice President of UNICEF – the UN Children's and Education Fund.

In January 2003, Michael was awarded a CBE (Commander of the British Empire) in recognition of his services to crime reduction, including 15 years as Chairman of Crime Concern and 21 years as a Trustee. He led the merger of Crime Concern with the Rainer Foundation to create Catch 22. He served on the Commission for Racial Equality for nine years as a Commissioner from 1993 to 2001. He is listed as one of the 100 most influential black people in Britain.

Michael began his career as a teacher and then moved into Government service in 1986 supporting policy initiatives to bring employment and development to Britain's inner cities. In 1990 he moved to work at TVAM on education programming and then GMTV as Chief Political Correspondent and then the BBC in 1994 as a presenter of the weekly Around Westminster programme before joining the BBC Corporate Affairs division in 1996.

The Local Economy, Resident-led Community Improvement and Philanthropists

Debbie Ladds *(www.localtrust.org.uk)*

In 2014 *Local Trust* commissioned research focusing on the effects of public spending cuts and welfare reform including: poverty among people in work, reduced benefit entitlement and housing hardship.

Debbie Ladds

The research found that the challenge of getting people involved in community activity, keeping them involved, and widening the numbers involved is sharpened where welfare and other reforms are biting.

People's capacity to join in may be affected by personal hardship; difficult times may have knocked their confidence; or there may be real or perceived prejudices against people who are out of work or going through other kinds of difficulty. However, early indications are that a focus on the local economy and local employment opportunities may draw in residents experiencing hardship and also make a contribution to tackling these issues in the communities where they live.

Our approach to tackling poverty and inequality is to work directly with people in the community because those who make up the community know best what's needed and are the most likely to come up with the solutions to make a lasting positive difference to the places where they live, work and socialise.

A community and resident-led approach to creating lasting change:

- develops the skills and confidence of the people involved and enables them to work with others to the benefit of their community
- builds on the opportunities and assets available in each community
- creates lasting, long term solutions

Underlying our resident-led approach is a belief that residents have a capacity and desire to drive change, and can achieve lasting and positive results when supported by those they trust and respect thereby building skills, confidence, networks, relationships and expertise in their community.

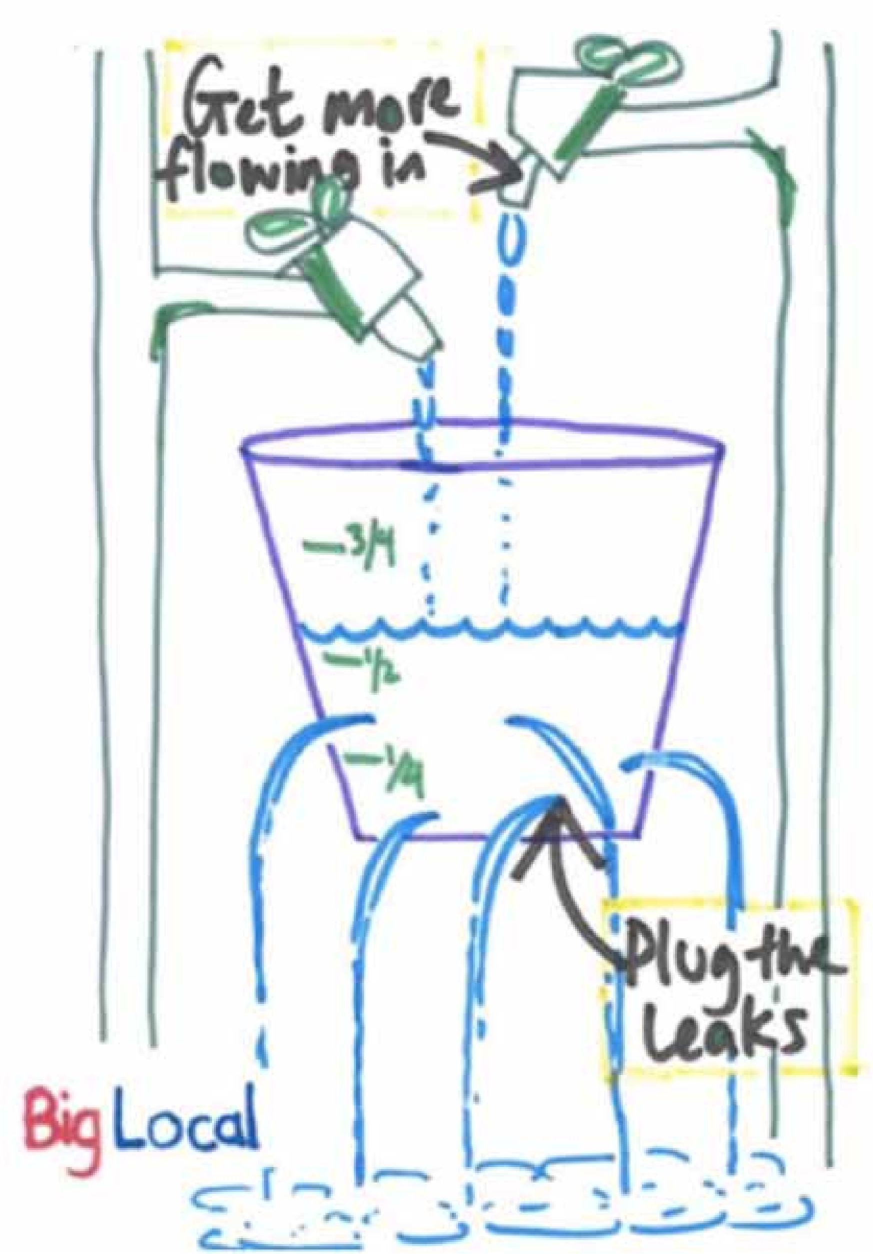
Sticky Money and Leaky Buckets - money flowing in, money flowing out, and how to plug the leaks!

Local Trust has a focus on 'sticky money and leaky buckets' to help the 150 *Big Local* areas we support develop their local economies and help to address poverty and inequality. Understanding how and why money sticks and circulates in some places and not others are important ways of helping communities take control. A number of Big Local areas are choosing to focus on improving the local economy as a key part of making their area an even better place to live.

Our approach to tackling poverty and inequality is to work directly with people in the community because those who make up the community know best what's needed and are the most likely to come up with the solutions to make a lasting positive difference to the places where they live, work and socialise

Big Local areas hope to create new opportunities for enterprise and employment to help money 'stick' in the area and contribute to lasting change. We use the idea of leaky buckets to get people talking about how money flows through (or leaks out) of areas. This idea comes from *The New Economics Foundation*. The amount of money flowing through every town, city and village is more than most of us can imagine. Around £1,500 billion (or £1.5 trillion) flows through the UK every year. But *Big Local* areas tend to benefit less than other areas from the money flowing through them because much of it leaks out as quickly as it enters.

We share knowledge about why money sticks more in some communities than others and how *Big Local* can be used to change this. At events we've handed out drawings of leaky buckets and asked people to think about how money flows in, where it leaks out, and how the leaks can be plugged in their communities. These discussions help people understand more about their local economy. Leaky buckets generate discussions about the wages people bring home from their employers, the takings brought in by local businesses, money spent on new construction, and people buying property. It also gets everyone thinking about ways money leaks out – residents spending their wages paying landlords who live elsewhere, paying bills to national utility companies, spending money in shops which are part of large national or global chains. And then the discussion turns to plugging the leaks – having more shops and businesses which are owned by people locally, drawing people from outside to come in and spend money in the area, helping local traders win more business and bringing money in; lending and borrowing on a more local level; bringing in investment to support local activities. The discussions also help people in *Big Local* areas to think about relationships they can build with local businesses and the influence businesses and traders have in the community and how more funding can be drawn into the community from a variety of sources.



Examples of Community Enterprise

We are working with *UnLtd* to help some *Big Local* areas develop their local economy focus and explore ways of supporting enterprise and social entrepreneurs. For example:

In Clubmoor, Liverpool, the *Big Local* partnership has been working with *UnLtd* to develop better support for local social entrepreneurs. We understand that good support takes many forms, and have been working to build on a solid base of one to one mentoring and coaching. This year we developed a local support network offering local social entrepreneurs a place where they can share problems, offer solutions and collaborate. It also offers emerging entrepreneurs a supportive environment – a place where yes is the answer. The *The Big Local* partnership has been on a social enterprise study visit which showed them a range of enterprises sharing the same building who are doing good through business and helping ex-prisoners into work, supporting families in crisis, redirecting waste from landfill and benefitting their community. Many of these issues affect Clubmoor as well so the visit helped them to think about new ways to use their *Big Local* money and ways to approach their issues.

Bountagu *Big Local* in London and *UnLtd* are running an enterprise club twice a month to bring together 15-20 residents to develop their own individual community ventures. Each session is dedicated to a different topic with time for one-on-one coaching at the end. A number of enterprise club members have now received awards, for child care, after school clubs, language and integration support for the Somali community, pro-bono legal advice for local people and youth work, there is also a local partner tasked with finding and supporting emerging social entrepreneurs in the area.

Whitley Bay *Big Local* in Tyne and Wear has been working with *UnLtd* to develop a more joined up approach to improving their area. Together with local stakeholders they are supporting several hundred pupils from the local school to work with social entrepreneurs in the area as well as developing their own individual ideas based around social enterprise. In addition, a social enterprise network has been set up amongst award winners, workshops around local economy issues have been delivered and opportunities to make connections outside of Whitley Bay are being explored.

The Difference We Make

We have recently published the evaluation of the early years of *Big Local*. The evaluators report that 88% of those surveyed said they felt confident their *Big Local* would achieve its goals in the longer term, with many strongly connecting this to a belief that the change would be lasting because *Big Local* is taking its time, it is more focussed on what is needed, it is being led by residents so there is more investment in sustaining it and a sense of ownership is developing that will increase levels of engagement and bring a level of respect for the things being done.

Overall, those most actively involved in making *Big Local* happen report a 'buzz', an excitement, a change of mood in parts of the community, a sense of hope and optimism, a sense that the community isn't any longer a 'forgotten' one. The evaluation report provides a fascinating insight into the first few years of *Big Local* and how people in communities come together to start to make a difference to the things that matter most to them.

Debbie Ladds is the chief executive of Local Trust; the charity responsible for Big Local – a 15 year, £200 million resident-led lottery programme providing funding and support to 150 small communities throughout England to help residents make their areas even better places to live.

A fellow of the Chartered Institute of Personnel and Development, a fellow of the Royal Society of Arts and a member of the Chartered Management Institute, Debbie has a background in the voluntary and community sector, particularly with community development, youth and disability charities.

Prior to joining Local Trust, Debbie was the Deputy Chief Executive at the Community Development Foundation where she developed and delivered a range of government grant programmes. Before that Debbie was the director of children's services at Whizz-Kidz and responsible for providing customised mobility equipment and training to disabled young people throughout the UK.

Her earlier career was spent with the Scout Association where as assistant director she had responsibility for the England wide staff team that trained and supported thousands of volunteer managers to provide quality Scouting and increase youth and adult membership. Debbie also developed and co-ordinated the diversity strategy for UK Scouting.

In her spare time Debbie has held a range of volunteer and trustee roles including with Elfrida Rathbone Camden, Scouting, Whizz-Kidz, and Health Projects Abroad.

Ending Energy Poverty and Inequality by 2030

How catalysing sustainable market for solar lights can help achieve universal access to modern energy

Katherine Johnston *(www.solar-aid.org)*

Why Energy is the Golden Thread in Development

When Edison started selling electricity in 1882, over a billion people lived off-grid. Today, despite huge advances in technology, that number remains unchanged. 20% of the world's population lack access to electricity. and a further 2.5 billion are technically connected, but beset by black-outs and unreliable power.

At night-time, the productive day for 600 million people across Africa is cut short and families are forced to burn expensive, dangerous and polluting kerosene, or use costly alternatives like candles and torches to light their homes. The numbers are staggering. The average rural African family can expect to spend around 15% of their income on lighting alone.

Katherine Johnston

Notably absent in the *Millennium Development Goals,* energy access is increasingly taking centre stage with the landmark inclusion of universal energy access as a *Sustainable Development Goal.* For those living in Africa's poorest countries, providing universal and sustainable access to lighting is a huge challenge – but with innovative solutions, it's surmountable.

"Energy is the golden thread that connects economic growth, environmental health, social fairness and opportunity."
Ban Ki Moon

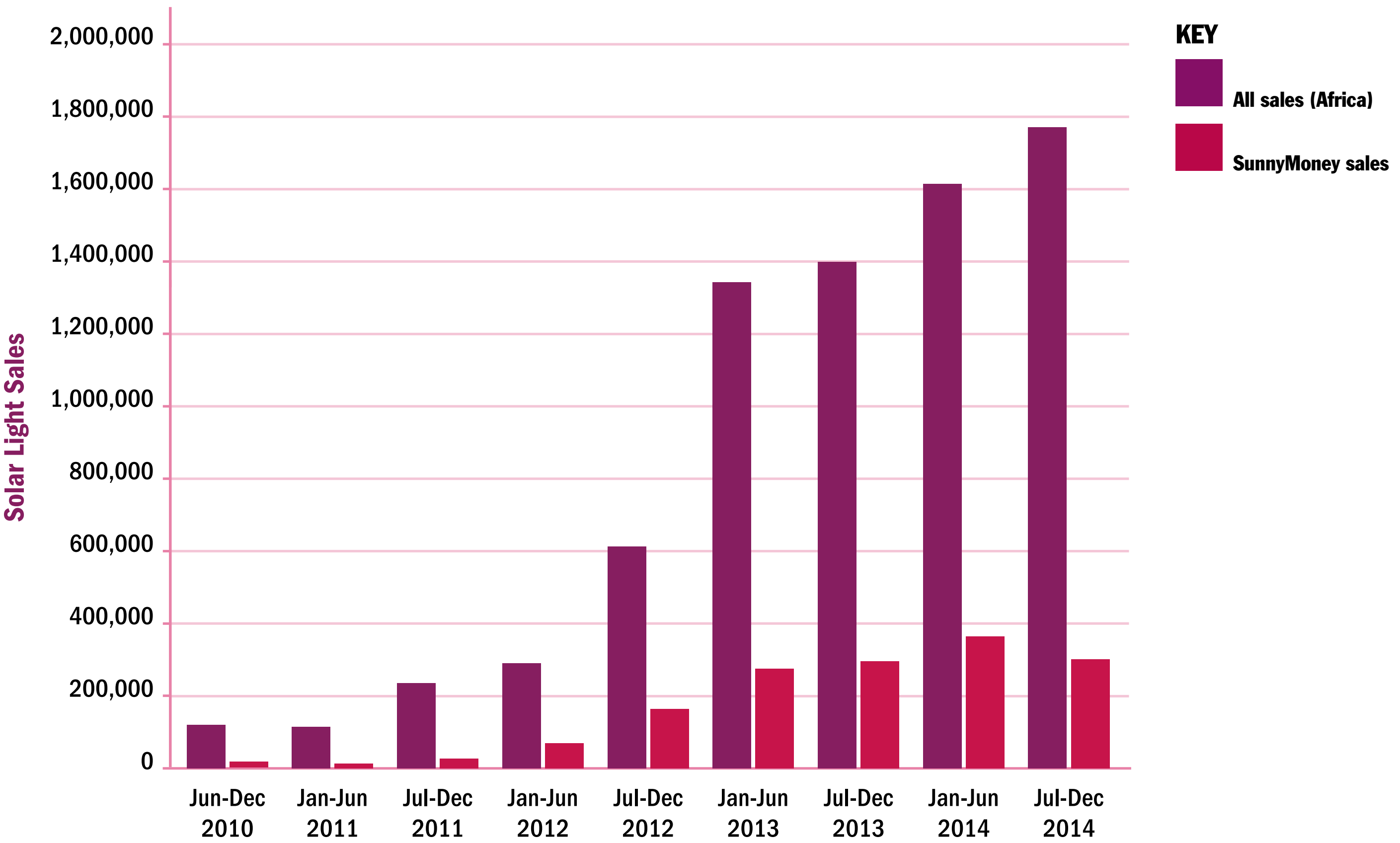
The Limits of the Grid

For most people in sub-Saharan Africa, getting connected to the grid any time soon is unlikely. Grid expansion cannot keep pace with population growth, estimated to double by 2040. If the 100% electricity access target is to be reached by 2030, the current rate of grid expansion would also have to double – requiring huge, and costly investment that governments can ill-afford.

The *International Energy Agency* estimates that an additional $640 billion is needed over the next 20 years - a 300 to 500 percent hike on current investment levels,at a cost of $2,800 per household.

Meanwhile, rural Africans continue to burn kerosene and which governments subsidise to an unsustainable degree. It is estimated by the *United Nations Environment Programme* that the *Economic Community Of West African States (ECOWAS)* region alone spends $4 billion subsidising kerosene for

All sales vs SunnyMoney sales of solar lights in Africa 2010-2014



[Image Source: Lighting Africa & SolarAid 2015]

lighting each year, at a cost of $20 per person. Yet a solar light can cost half that amount and for $120 a customer can buy a solar home system.

Leading industry advocates, including the *Global Off-Grid Lighting Association* and environmental organisation the *Sierra Club,* have shown that universal energy access can be achieved more quickly, cheaply and efficiently with greater investment in off-grid energy solutions. In Africa, a booming market for portable solar products shows that poor, rural customers are already voting with their wallets.

Catalysing a Sustainable Market for Solar

SolarAid, is an international NGO founded in 2006. Back then, it installed solar panels on schools and clinics in Africa, and manufactured solar products. Costs were high, impact limited, and we couldn't see a route to sustainability. Two key trends changed all that and bolstered the emerging market for portable solar lights: a simultaneous fall in price with improvements in quality. The watershed moment came in 2011 when manufacturer *d.light* released their disruptively priced S1, as the world's most affordable solar light, retailing at US$10. *SolarAid* changed strategy to focus on where, as a philanthropically funded NGO, we could make the biggest difference; creating supply and demand for solar lights in areas too expensive or difficult for private companies to work in.

In 2008 we set up our wholly-owned social enterprise, *SunnyMoney* to sell lights, and in 2011/12 we saw huge sales success when Headteachers - seeing the huge educational benefits - helped us bring the basic study lights to their communities. Today, *SolarAid* has the ambitious goal of eradicating the kerosene lamp from Africa by 2020. CEO Andrew Webb explains "SolarAid's hybrid of charity and business means that we are in a unique position to catalyse sustainable markets for solar lights, maximise the impact of donations and focus on our social mission to reach the poorest customers as quickly as we possibly can."

…universal energy access can be achieved more quickly, cheaply and efficiently with greater investment in off-grid energy solutions

SunnyMoney's model overcomes the awareness, availability and affordability barriers in rural communities. In partnership with *Ministries of Education*, we train Headteachers to educate parents about solar lights, who then purchase them to save money and invest in their children's futures. As customers tell their friends about their light, demand grows. This sparks the wider community's interest and the market conditions required for *SunnyMoney* agents – independent traders or shopkeepers – as well as other actors to enter the thriving market.

Lighting Africa; the joint *IFC* and *World Bank* initiative which pioneers public and private sector support for Africa's emerging off-grid sector, estimates that in 2009, less than one percent of the population in Africa was using modern LED solar lighting products. Today, this figure sits at around 5%; with huge growth seen in 2012-2013.

The Social Impact of a Solar Light

Buying a ~£6 light is still a big upfront cost for a family used to spending £0.96 on lighting per week. Rightly cautious, customers need to know that they are making a good investment. In 2012 *SolarAid* set up its Research & Impact Department to measure the impact of each solar light sold.

90% of *SunnyMoney's* customers live below the poverty line of $1.25 per day. When they invest their hard-earned money in a solar light, the impact for the family is transformative. Our average customer will recoup the cost of their purchase in 10 weeks. After this, a family saves $70 a year—around 10% of their income. Solar light users tell us they spend their savings on food, school costs and investment in livelihoods—helping to lift themselves out of poverty. As Veledeian Phiri from Zambia told us, *"I bought the solar light because I wanted to save some money; buying kerosene every month was expensive."*

Educational uplift is also profound, switching from kerosene to solar light, children study for an extra hour a day and are freed from the headaches, coughing and eye strain caused by kerosene fumes; over half of families we speak to report better health. Safe light after dark also means families have more time to spend together and for every kerosene lamp packed away, 200kg of CO2 emissions are averted, as well as toxic black carbon.

The effect on enterprise is even more astounding. Shops and restaurants once in darkness open their doors at night and young men and women can work in the evening. *SolarAid's* model itself is enabling hundreds of solar entrepreneurs to operate across East Africa, with these in turn helping to catalyse a sector that is seeing 110% year-on-year growth.

The First Step on the Energy Ladder

SunnyMoney Agents can sell a mix of products including mobile phone and radio charging lights. Agents tell us their income increases by 29% when they start selling lights, and 87% of find that customers return to them to buy a second light. At *SolarAid*, we believe that providing sustainable access to lighting is a first step to achieving sustainable energy for all. Across the sector, manufacturers and distributors see huge potential for customers who experience the benefits of their first solar light to use their savings to invest in bigger solar products, and over time climb an 'energy ladder' to benefit from phone charging lights, clean cook stoves and solar home systems. In doing so, customers could 'leapfrog' the grid altogether - in the same way that in rural Africa mobile phones and mobile money are ubiquitous but landlines and bank branches remain scarce.

The potential for an 'energy ladder' can only be realised if agents and customers alike have access to microfinance and credit. Encouragingly, manufacturers and distributors are building partnerships with microfinance organisations, mobile network operators and companies with well-established distribution channels. Sector-wide innovations to reduce products' upfront costs include solar lights embedded with pay-as-you-go technology which are paid in instalments mimicking weekly expenditure on kerosene.

Investing in a Brighter Future

$90 million in investment came into off-grid lighting in 2014, with a similar amount coming into the market in the first two months of 2015 alone. Market growth is continuing to accelerate but is concentrated in a handful of countries in East Africa and South Asia, and often focused on a smaller, wealthier customer base.

The Sustainable Energy For All initiative provides a huge opportunity to for the international development community to build a cost-effective off-grid sector that can lift millions out of fuel poverty. At a national level, there is a huge need for philanthropic funding to continue to drive the expansion of the solar market in remote rural areas, and to campaign for the policy conditions required to stimulate market growth.

Countries like Kenya and Tanzania, which have good policies in place to support the off-grid sector, are leaving the rest of Africa behind, where kerosene subsidies and VAT/tariffs on solar remain commonplace and inhibit market growth. In most countries, market penetration remains negligible - at less than 3%. Yet public private partnerships, like *SolarAid's* relationships with *Ministries of Education,* can play a huge role establishing cost-effective distribution networks that serve the poorest.

In many rural areas of Africa, the switch from kerosene to solar is already having a profound impact on poverty, hunger, safety, health, education, employment, enterprise and the environment. For over a century we have been benefiting from clean, safe light, surely it's time to bring light to all.

Katherine Johnston is a writer and researcher in SolarAid's Programme Funding & Policy Team and a Trustee and broadcaster for London's not-for-profit arts radio station Resonance 104.4FM. Katherine read Modern History and English at Jesus College, Oxford before gaining an MA in African Studies from London University's School of Oriental and African Studies in 2010. She has worked in the charity sector for six years.

Encouraging and Supporting Innovation: A Personal Journey

Michael Norton *(www.civa.org.uk)*

Investing in Individuals with Ideas

Many foundations aim to support innovation – to help find new solutions to old problems and to address new problems in society as thy emerge. Needs are changing all the time, and new techniques and new technologies can be used to tackle these problems and needs – from Alzheimers and obesity to people's wellbeing and climate change.

Most usually, a foundation will invite or respond to project proposals submitted to it by an established organisation. But there is another way, which was pioneered through *UnLtd*, which is to Invest in Individuals with Ideas – which I call the '3I's of social change'. This approach has two advantages:

1. It multiplies the value of the grant through the energy and commitment of the social entrepreneur who is behind the idea, and so gives 'more bang for the buck'
2. It broadens the net, going beyond the 'usual suspects' to seek out and invest in creative solutions which might come from anywhere

Michael Norton

UnLtd, at the starter level, offered modest sums (of up to £5,000) to anyone with a good idea that aimed to create some form of social impact, providing them with support as well as to help them do this. Not all the ideas were brilliant; not all the projects succeeded. But some were, and some did.

The first award was made in 2003 to the *Muslim Youth Helpline*, started by a young Muslim (Mohammad Mamdani) in the attic of his home to provide advice and guidance to young Muslims caught between two cultures and two value systems. Supported was *Cool2Care*, where someone who had experienced the problems of caring (Phil Conway) wanted to provide respite care to relieve the primary carer. Also supported was *MyBnk* (Elisabetta Lapenna) to develop financial literacy and enterprise training for young people. We supported *Patient Opinion* (Paul Hodgkin) to generate user feedback for the healthcare system.

These were just four of the more than 1,000 projects a year supported at this early stage. In deciding who to support, we assessed the individual rather than the idea. *UnLtd* us now spreading around the world through the *Global Social Entrepreneurship Network*.

The *X-Prize Foundation* believes that there is sufficient creativity in the world to attempt to solve its major problems. They issue challenges with big prizes to encourage creativity to address some of the world's bigger problems and challenges with this philosophy:

Rather than throw money at a problem, we incentivise the solution and challenge the world to solve it. We believe that challenges must be audacious, but achievable, tied to objective, measurable goals. And understandable by all. We believe that solutions can come from anyone, anywhere and that some of the greatest minds of our time remain untapped, ready to be engaged by a world that is in desperate need of help. Solutions. Change. And radical breakthroughs for the benefit of humanity.

Creativity can come from unexpected places – and not just from the big players and recognized experts. So the expectation was that the *X-Prize's* first challenge to develop a low cost lunar lander for the next generation of space exploration would not be won by a team from *NASA* or *Boeing*, but from an inspired individual imbued with the silicon valley spirit. And so it proved.

From Startup to Scale Up

Having a good idea is only a starting point in the innovation process. An idea is only a good idea if something is done with it. This is not strictly true, as the idea might inspire somebody else to do something. But if we can encourage good ideas to be developed, the more likely we are to create solutions.

A recent phenomenon has been the emergence of the incubator as a mechanism for supporting individuals and their ideas. Walk around any city, and on some street you will come across an incubator. Some incubators are themed around a particular issue; some focus particularly on the use of new technology; some are linked to maker spaces; some support non-profit solutions and social enterprises; but some are for anyone with a good idea.

Around the world, there is a huge amount of energy and creativity waiting to be harnessed, sometimes motivated by profit, often not. For example, at *Tsinghua University* in Beijing, the university has set up an *X-Lab* (with *Microsoft* sponsorship) which incubates 600 teams of students (average 10 people per team) to help them develop their ideas for an enterprise, many of which have a social or environmental aspect. And the UK government in partnership with *UnLtd* is helping 60 universities across England to encourage and support social innovation.

I myself have invested in three incubators, each adopting a different approach:

- *The Hub,* which is a co-working space with a programme of events to encourage sharing and collaboration.
- *Emerge Education,* which supports start up educational businesses which use new technology – from MOOC learning to teaching Chinese.
- *The Do School,* which runs 10 week programmes bringing 20-25 innovators from around the world to work on their own projects but also to work together on a group challenge.

The incubation process will takes a project forward from the startup phase, helping it develop its business model, its marketing and its financing to a stage where it is investment ready and ready for scaling up and spreading.

The Environment – a big issue needs big solutions

We live on an extremely fragile planet. Growth in both living standards and population size is creating an unprecedented impact on our environment which we need to manage much more sustainably for our very survival.

Despite its importance, grant-making to environmental issues represents only a tiny fraction of grants made for charitable purposes – and public giving is often directed to more emotive causes such as emergencies and disasters, cancer and children. But we urgently need to find solutions to the many pressing environmental problems – global warming, deforestation, species loss, pollution, discarding of industrial, consumer and electronic waste, clean air and clean water, green energy...

Despite its importance, grant-making to environmental issues represents only a tiny fraction of grants made for charitable purposes – and public giving is often directed to more emotive causes such as emergencies and disasters, cancer and children.

We can encourage environmental action at a number of different levels:

- **Ideas:** We need to challenge more people to come forward with their creative ideas and innovations.
- **Incubation:** We need to help these innovators by providing them with facilities for incubating their projects from start up through to investment-readiness.
- **Scaling up:** Not everyone wants to scale up their idea, so we need to foster ambition in people to scale up their innovations in an appropriate way and at an appropriate time, helping them develop a structure and a strategy for spreading the impact of their innovation.

- **Investment:** Funding is a critical factor through the process, so we need to provide access to appropriate funding at each stage.

And in China

Over the past 30 years, China has emerged as a major economic power, and such is the pace of change that it could become the world's wealthiest country per capita within a generation. This rapid rise has created major environmental problems – from water quality to air pollution. In Beijing in August 2014, I experienced a phenomenon which they called 'APAC Blue'. For the Asia Pacific economic summit, factories had been closed down and transport restricted to ensure clean air and blue sky. A week later when I flew out, the haze was beginning to return. In Shenzen, China's fourth largest city bordering Hong Kong, new car registration is being severely restricted as a way of reducing both pollution and congestion.

China's recently-adopted national priorities include both addressing environmental issues and promoting innovation. And when China decides to do something, things are often done with a determination and at a scale not seen anywhere else in the world. For example, in Shenzen, *Tsinghua University* has a graduate campus, and the city government is giving them a 30-storey tower block in which to create an innovation centre, which includes a joint venture with the *University of California, Berkeley* to develop new technologies as well as an *iSpace* incubator. This is scheduled to open in June 2015 – and is just one of the six tower blocks on the site.

I see China and Shenzen as an appropriate base for creating environmental solutions. China also provides access to manufacturing and is an increasingly important player in international development, especially in Africa.

I am now developing a collaboration to promote and support environmental innovation along the whole process from start up to scale up, to create solutions to China's well-recognised environmental problems as well as for the region and the wider world. The collaboration will involve those encouraging ideas and helping projects get started, incubators and others helping projects get established and create sustainable business models, and those interested in funding or investing in or partnering with these ventures to take them to scale.

With support from the Singapore government, Jack Sim created the *BoP Hub* to encourage solutions to the problems of poverty in the world through *'Bottom of the Pyramid solutions'*. This was launched in August 2014. Poverty and environment are the two major and often interconnected global issues. Our aim is to create an analogue to the *BoP Hub* in Shenzen to address the environmental challenges that the world faces. We welcome interest and support for this initiative.

Michael Norton is co-founder of UnLtd: the foundation for social entrepreneurs (2001) and the International Centre for Social Franchising (2011). He is Director of the Centre for Innovation in Voluntary Action which he founded in London in 1995, and holds professorships at Beijing Normal University's China Philanthropy Research Institute and the University of Cape Town's Bertha Centre for Social Innovation and Entrepreneurship.

Philanthropy:
The Most Good You Can Do

Dr Sarah Flew *(www.lse.ac.uk)*

The ever provocative and influential philosopher Peter Singer has cast his eye over the subject of philanthropy and his new book *The Most Good You Can Do: How Effective Altruism Is Changing Ideas About Living Ethically* is going to be one of the most widely discussed books of 2015.

Dr Sarah Flew

Peter Singer is essentially interested in discovering what makes an effective altruist. Effective altruism should be driven by a desire to do the maximum good and should be impact driven. He argues that the philanthropic act, therefore, should be underpinned by logic rather than sentiment.

The book is not yet out in the UK but has been receiving positive reviews in the USA. The *Yale University Press* marketing release says:

Peter Singer's books and ideas have been disturbing our complacency ever since the appearance of *Animal Liberation*. Now he directs our attention to a new movement in which his own ideas have played a crucial role: effective altruism. Effective altruism is built upon the simple but profound idea that living a fully ethical life involves doing the "most good you can do." Such a life requires an unsentimental view of charitable giving: to be a worthy recipient of our support, an organisation must be able to demonstrate that it will do more good with our money or our time than other options open to us. Singer introduces us to an array of remarkable people who are restructuring their lives in accordance with these ideas, and shows how living altruistically often leads to greater personal fulfillment than living for oneself. *The Most Good You Can Do* develops the challenges Singer has made, in the *New York Times* and *Washington Post,* to those who donate to the arts, and to charities focused on helping our fellow citizens, rather than those for whom we can do the most good. Effective altruists are extending our knowledge of the possibilities of living less selfishly, and of allowing reason, rather than emotion, to determine how we live. *The Most Good You Can Do* offers new hope for our ability to tackle the world's most pressing problems.

To accompany this, Peter Singer is running a 7 week online course which will help the participant think through how altruism/philanthropy can be made as effective as possible. Hence the title of his book *The Most Good You Can Do*. Details of the course can be found here: *www.coursera.org/course/effectivealtruism?action=enroll&sessionId=975045*

The relevance of Peter Singer's book is that despite the growth reported in mega gifts, the *Non Profit Quarterly* recent article (Spring 2015 edition, article titled *'Inequality's Tipping Point and the Pivotal Role of Nonprofits'*) pointed out that many of those gifts continue to be given within the narrow fields of culture, higher education and medical research. The article also highlighted that many mega gifts reflect only the personal interests of the benefactors and are too narrowly confined to a specific (often local) geographic area.

Peter Singer, The Most Good You Can Do: How Effective Altruism Is Changing Ideas About Living Ethically (Yale University Press) is out in the UK in May 2015. It has the potential to shake up attitudes and make philanthropists rethink their giving and what their legacy to the world will be.

Dr Sarah Flew is a Foundation Partnerships Manager at the London School of Economics and Political Science. She has worked in educational fundraising for seven years and has additionally worked for many small-scale local charities as a volunteer. Her academic research is on the history of philanthropy and her book Philanthropy and the Funding of the Church of England, 1856-1914 was published in December 2014 with Pickering and Chatto.

Philanthropy Impact

Join us in our vision to *increase philanthropy and social investment across borders, sectors and causes*

Why *join us*

'I believe Philanthropy Impact has a key contribution to make as a forum to encourage more – and more effective – philanthropy and social investment through the exchange of ideas, spreading knowledge and improving the professional advice available. This is more important than ever.'

LORD JANVRIN Deputy Chairman
HSBC Private Bank (UK) Ltd

Since 1998 Philanthropy Impact has been delivering services to professional advisers and other key stakeholders including philanthropists, trusts, foundations, and charities. Our vision, as a charity, is to increase philanthropy and social investment across borders, sectors and causes.

We provide resources and learning opportunities to professional advisers and other sector stakeholders in order to enhance their expertise, awareness and influence in increasing the level of philanthropy and social investment. Philanthropy Impact's 2014 – 2017 strategy as a centre of competence and impact encompasses growth by:

- Supporting advisers, ensuring they are equipped with best-practice philanthropic and social investment knowledge for discussion with their clients
- Organising learning events seminars for members and interested parties
- Creating networking opportunities to enhance understanding amongst advisors, philanthropists, social investors, trusts, foundations and charities
- Providing know-how, reports and analysis on philanthropy and social investment
- Disseminating information that raises awareness about best-practice amongst advisors
- Collaborating with third parties to support the development of philanthropic and social investment practices relevant to advisors and their clients
- Advocating for philanthropy and social investment internationally

Participants find events 'essential', 'highly educational' and 'inspiring'

FOR PROFESSIONAL ADVISERS

We produce a range of resources to support advisers, donors and their families:

- Opportunities to meet and network with professional advisors, philanthropists, trusts, foundations and charities
- News and updates on philanthropy, social investment and corporate giving
- Support to help fulfil CSR mandates and improve employee engagement in philanthropy
- Bespoke initiatives and advocacy activities to promote philanthropy and social investment
- Tailored professional development programmes

FOR NON-PROFIT ORGANISATIONS AND PHILANTHROPISTS

We offer a range of resources to help non-profits improve their social impact:

- Free access to our network through roundtable discussions with expert speaker panels and topical subjects.
- Opportunities to engage with members and increase influence through publications, events and advocacy initiatives
- News and resources on charity governance, giving trends and social investment.

Philanthropy Impact exists for the benefit of its members. We welcome any suggestions or contributions at **editor@philanthropy-impact.org**

To find out more about member benefits including free event registration, partnership opportunities and free resources please visit our website

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