philanthropy|uk:newsletter *inspiring giving*

My philanthropic journey

David Erasmus:
Spanning worlds, building bridges

Digital for donors
How donors are clicking and choosing new technology

Letter from America
The web is for giving and not forgetting

Best of the blogs
Sean Stannard-Stockton shares his top 5 philanthropy blogs

Influential reading
Tim Joss on books that have inspired his approach to philanthropy

Social investment news
A news round-up from the world of social investment

welcome

We do not fully understand how digital technology is revolutionising the way we live – but we do know behaviours are changing radically, some say for the better and others disagree. Philanthropy too is feeling the impact of new technology, and similarly there is a mix of views.

In this edition we garner views from commentators and practitioners across the sector in a broad look at how web and mobile technology is engaging and informing donors and innovating the way they give.

We have also asked our contributors to focus on digital technology; our guest EuroView writer Michael Alberg-Seberich, executive partner of Active Philanthropy, offers a thoughtful piece on 'trust', while Melissa Berman, CEO of Rockefeller Philanthropy Advisors, urges philanthropists and those who advise and encourage them to harness the power of digital tools available.

Our guest philanthropist is David Erasmus, a digital entrepreneur and very much the face of 'e-philanthropy'. At 25, Erasmus has already made major contributions to philanthropy with several projects in South Africa. In *My philanthropic journey*, he shares his motivations for giving, instilled at a young age, and describes how he is applying digital technology to philanthropic ends.

Tim Joss, director of the Rayne Foundation, also shares his thoughts, revealing his reading inspirations in *Influential reader*.

We hope you enjoy this issue of our newsletter and welcome feedback to editor@philanthropyuk.org.

Best wishes,

Cheryl

Cheryl Chapman
Managing Editor

in this issue

Philanthropy UK is supported by the Office of the Third Sector in the Cabinet Office

CabinetOffice
Office of the **Third** Sector

Digital for donors

How donors are clicking and choosing new technology

by Cheryl Chapman

In these articles Philanthropy UK considers the definition of philanthropy in a digital age and the kinds of audiences who are giving through online and mobile technology. We also explore how digital technology is contributing to the flow of information, presenting new opportunities for charities and beneficiaries to communicate their needs, and creating new opportunities for making gifts.
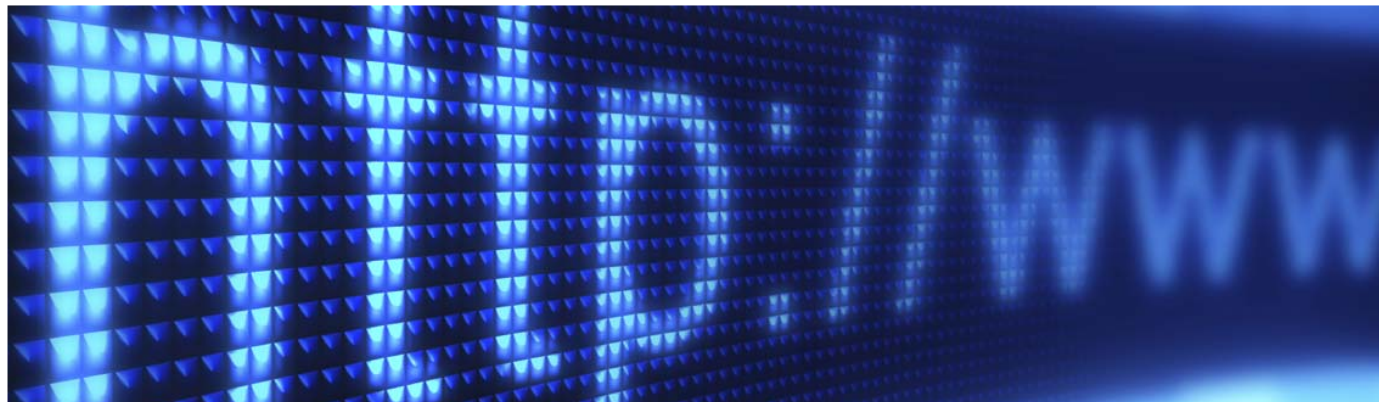
There are two 'd's in 'e-philanthropy' – 'digital' and 'data'. The combination and application of the two has changed the world, the way we occupy it and the way we relate to each other.

Philanthropy, despite its traditional imperviousness to outside forces, is feeling the dramatic impact of the internet, social media, web 2.0, wikis, applications, tools, webinars, mash-ups (see *Essential e-glossary*) and the almost daily development in digital software, hardware and behaviours.

These developments are '*evolving philanthropy*' says Tris Lumley, head of strategy at non-profit think tank New Philanthropy Capital (NPC) and '*disrupting*' it says Dr Lucy Bernholz, a leading commentator on e-philanthropy and founder and president of Blueprint Research & Design Inc., a strategy consulting firm based in San Francisco. *Disrupting Philanthropy (http://www.scribd.com/doc/23723568/disrupting-philanthropy-2-0)*, the draft paper she co-authored with colleagues from Duke University in North Carolina, explores the new philanthropic behaviours unleashed by digital technology.

Liverpool Lantern Company was awarded £4,940 from the Community Chest Fund, distributed by the Community Foundation Network, to run artistic workshops for diverse groups across Merseyside. After creating beautiful handheld lanterns, the groups took part in a community Halloween carnival in Sefton Park. The Community Foundation Network is launching an online initiative, Localgiving.com, to help donors make a difference to their communities through online donations to local charitable organisations like this.

www.localgiving.com

Digital technology is certainly redefining philanthropy. 'Citizen philanthropy', 'micro-philanthropy', and the 'democratisation of giving' are terms that attempt to describe a new trend that sees millions of ordinary people giving money or time together, 'aggregating' their giving to achieve greater impact. This is increasingly happening in new online market-places and on match-making sites; or through 'flash giving' responses to emergency appeals, such as Haiti.

Some feel that a clear distinction should be drawn between 'online charitable givers', who may give a few pounds, from time to time, often in a short-term response to a high profile appeal; and 'philanthropists', who give larger sums, in a strategic way over a longer time.

Jessica Sklair, director of research at the Institute for Philanthropy (IfP) says, *"We do need to draw a distinction between low-level, usually one-off donations to charities and disaster relief funds, and the much more engaged, long-term and high level philanthropy of trusts, foundations and individual donors. Strategic philanthropy is by its very nature a hands-on approach to giving, so while they may engage with online giving initiatives, strategic large-gift philanthropists will always need to have face-to-face contact with the charities they support. However, in terms of promoting a culture of giving in the UK – which encompasses all types of givers – these new initiatives can only be a good thing."*

Others say the debate is a waste of time, including Bernholz, *"I think the 'philanthropy v charity' discussion is mostly junk. Philanthropy likes to claim it is more systemic, more engaged, more strategic than charitable giving. OK. So what? In my experience everyone starts somewhere and every single 'philanthropist' also gives charitably, both the institutions of philanthropy and the individual philanthropists. In and of itself, I just don't see it as a meaningful discussion."*

It's too soon to say whether these online givers are the philanthropists of the future and it will be interesting to see whether those who responded to the Haiti disaster appeal, through text and web, will remain for the long haul and invest in the reconstruction of Haiti, (see *Letter from America*).

Certainly the aggregated amounts of money raised via digital channels can reach philanthropic proportions: $31m (£20.5m) was raised in $10 donations for Haiti through American Red Cross text messaging alone. The overall total is reported as topping $1bn, much given by digital means.

And there is evidence that online giving is growing. The CAF Disaster Monitor (http://www.philanthropyuk.org/Newsletter/Dec2009Issue39/Specialreport) found while new-media donation methods continue to lag behind TV, they are steadily rising in effectiveness, from seven per cent in 2004 to 17% in 2009 and 2010. Online donating is the most popular new-media way of giving with 15% using the method this year, eclipsing text/SMS giving at three per cent, the survey shows.

*"The shorter the time lag between inspiration and action,
the greater the likelihood of a donation."*

The Preventing Childhood Malaria Deaths project in Mashegu is one of GlobalGiving.co.uk's listed partner projects and one donors can connect with online. Early diagnosis and treatment of malaria is crucial to reducing childhood deaths due to malaria. Part of its strategy is to seek out children who are the most vulnerable and treat them promptly. This has proven to be lifesaving for hundreds of children in under-served communities in rural Mashegu.

Find out more: www.globalgiving.co.uk/pr/1900/proj1886e.html

Image courtesy of Global Giving UK

A *Chronicle of Philanthropy* report *(Still Growing Strong,* Chronicle of Philanthropy, 14th June 2007) shows overall, US online giving climbed 37% in 2006 over 2005, though has slowed due to the recession.

Statistics also show that online donors are not the usual demographic – they are likely to be more generous and a lot younger than the typical giver. For example, the median age of donors at US based online fundraising site Network for Good is 38, with the average between 39 and 40. This is significantly younger than offline donors, who tend to be 60+ according to most studies (Source: Craver, Mathews, Smith & Company).

Based on the money raised and the number of people involved, this new style of giving is worthy of consideration and may become more important in the future as the 'digital natives' (those born in a digital age) grow up. The number of digital marketplaces and match-making sites that connect them to global and grassroots charitable projects has certainly grown in the last few years.

Among them:

- Kiva.org, a 'micro-lending' concept that has helped more than 670,000 individual 'entrepreneurs' to loan more than $120m (£79.7m) to nearly 300,000 individual lenders across 193 countries since its launch in 2005;

- GlobalGiving UK, which connects donors to 'the causes and countries they care about' and has reportedly raised £250,000 since it launched in 2008 – the US site is reported to have raised $17m (£11.3m) since its launch in 2004 (see case study);

- Virgin Money Giving, a non-profit online fundraising service, launched by Richard Branson in 2009;

- Localgiving.com, the Community Foundation Network's pilot online community marketplace which launches nationally this year.

The models for these organisations vary in terms of fees and commissions charged. Not all have proved sustainable. Less than six months after announcing it would revolutionise online fundraising by offering its services for free, website Bmycharity, based in Warwickshire, has announced it is to close after failing to raise enough funds through corporate partnership. At the time of writing, the profit-making subsidiary of the Help for Heroes charity had agreed to take over the fundraising website, with plans to rebrand it as BmyHero.

GlobalGiving UK's Shareth Jeevan believes these new marketplaces will grow the giving cake, connecting as they do with new younger audiences and '*lowering the*

"The truth is, you leave this world with nothing. What you are is a temporary administrator, and you must administer well... the wealth in your care, and generate more. The surplus can be used to do many things for people." Carlos Slim Helú, telecoms magnate, businessman and the world's richest man

"Many donors today want to give where and when the moment of inspiration hits them and mobile technology allows them to do that."

barriers' to philanthropy, as Joe Saxton, of non-profit research consultancy nfpSynergy says.

Though the data to test that is not yet available, *"it has to be the aim"* says NPC's Tris Lumley. *"If you take the combination of factors – overall giving appears to be at best static or at worst in decline; traditional fundraising methods and charity brands appeal to older, not younger generations; and younger generations increasingly living and working online – then the online (include mobile in that) world is going to be where a great deal of giving happens, and is the only real hope for growing the overall size of the giving cake."*

These sites also reportedly facilitate higher levels of Gift Aid collection and cut fundraising costs. Ben Brabyn, managing director of Bmycharity, says they had secured extra millions for charities as a result of savings and believes the possible annual savings for UK charities could amount to more than £140m.

David Erasmus, a digital entrepreneur (see *My philanthropic journey*) who is involved in philanthropy on many levels, highlights another benefit of digital philanthropy; how it addresses one of the major barriers to giving – acting quickly in the moment of inspiration.

Erasmus, who has helped found a number of online social enterprises based in South Africa including clickego.com, and NoPc.org.uk, and runs a social impact business start-up incubator, called Cubate.com, says: *"Many donors today want to give where and when the moment of inspiration hits them and mobile technology allows them to do that. We are used to sharing information and opinions immediately through social media sites such as Twitter and Facebook via our mobiles and we want to carry that through in our philanthropy."*

Cutting the time between thinking about giving and the ability to give could be crucial to increasing the number of donations, he says.

"From the work we have undertaken in the commercial world, we see a correlation between the number of clicks it takes to complete a sale and the sale conversion rate; the fewer the clicks, the greater the number of sales. This could be applicable to giving – the shorter the time lag between inspiration and action, the greater the likelihood of a donation," says Erasmus.

How slick could the giving journey become? Erasmus talks in seconds. Amazon, the online bookseller, has cut its selling time to around 20 seconds using digital processes, taken from the moment a person receives a book recommendation to the moment they make a transaction. Translating those processes to philanthropy, Erasmus describes a scenario where a person inspired by a charity poster campaign could use mobile technology to photograph a barcode printed on it that would take them straight to a donation page in a matter of seconds.

Digital technology is clearly increasing the speed of giving. It can also be used to create a sense of urgency to give. The Big Give's matched challenge funds offer donors a short window of opportunity in which to make donations and have them matched (see case study) and adds an impetus for donors to act. Its first matched challenge raised £2m in 45 minutes. Helen Cable, The Big Give project manager, says, *"By having a set time limit, donors know they need to act straight away in order to take advantage of matched funds."*

Of course, there is some nervousness around the 'give and go' style of giving that online and mobile media promote. It raises questions over levels of donor engagement. Even Bernholz muses in her Philanthropy 2173 blog on whether the long-term effect will result in what she calls 'Donor Attention Deficit Disorder'.

"Just because we can now give $5 from our mobiles, while walking down the street, doesn't mean we can think any faster than before. That people all over the world can be so instantly engaged and moved to donate is certainly a good thing. But does it come with costs?

"Does the ability to give instantly and painlessly (mobile donors won't even see a charge for the gift until they get their next phone bill) make it extra easy to give and move on? Will 'donor fatigue' be replaced by 'Donor Attention Deficit Disorder'?" she asks.

Migratory models

Like Erasmus, Bernholz believes that the digital behaviours we use in our everyday lives, such as online banking, shopping and the reservation of theatre tickets, restaurants and hotels, will continue to migrate to philanthropy.

Bernholz says, "*What Haiti showed was the speed with which behaviours can go from cutting-edge to commonplace; mobile giving became a norm within 24 hours and we saw philanthropic expectations change.*"

An example of this borrowing from daily digital behaviours is illustrated by GlobalGiving's recently introduced peer-review facility, borrowing from sites like 'Top Table' that encourages user-generated reviews of restaurants. It allows people who visit GlobalGiving's listed projects across the globe to digitally post back their findings.

Other examples include the Charities Aid Foundation (CAF) and Coutts Philanthropy application of online banking principles to philanthropy through their online charitable accounts that can be viewed and administered online alongside donors' bank accounts.

The expectation is that our everyday digital behaviour will become more sophisticated as new applications, websites and technology evolves and so will expectations in how we give.

"*Applications that we regularly use in daily life, such as the one I use to check in real-time how far away my bus is, will be applied to how we give in the future, because that will be the expectation,*" says Bernholz.

Erasmus' soon to be launched GetGiving application is

perhaps an example, offering a low-friction way for donors to make micro donations on Apple Iphone, Blackberry or Windows Mobile to selected charities in seconds. "*We are empowering the individual with the right resources on a macro level,*" says Erasmus.

It's too early to know if digital technology will lead to a new type of philanthropy or whether it will only ever be a 'virtual charity bucket', but if it succeeds as a way to raise funds that do good, does it matter?

With a recent report by Forrester Research projecting that there will be 2.2 billion internet users across the world in the next five years, it's likely charities will continue to leverage the internet and social media to meet more donors online.

Empowering Guatemalan Youth to Promote Literacy is one of GlobalGiving.co.uk's listed partner projects and one donors can connect with online. Here children at the community day care centre dive into new storybooks provided by donations. Find out more: www.globalgiving.co.uk/pr/2700/proj2617e.html

Image courtesy of Global Giving UK

Traditional philanthropy in a virtual world

by Cheryl Chapman

In the previous article, we heard how data-driven, digitally-powered media can support the micro-philanthropist, with its ability to connect individuals directly with causes, and how it is raising millions of pounds and helping distribute them to highly specific beneficiaries. In this article we explore how digital technology is impacting giving by major funders and donors.

Most of our interviewees agree that digital will never be a way for donors to make very large donations. 'Aggregated giving' sites report average donations of £30, with approximately one in 10 donations between £100 and £200, according to Sharath Jeevan of GlobalGiving.co.uk.

Already, vehicles built for larger online donations are starting to appear. GlobalGiving UK has just launched its One Thousand Pound Club (see case study), which offers donors the ability to build a portfolio of causes to which they can donate £1000 or more.

Donor advised funds and giving circles also translate well to an online environment and we are likely to see more products like this, says New Philanthropy Capital's Tris Lumley.

Jessica Sklair of the Institute for Philanthropy agrees, *"Collaborative giving through giving circles is not a new concept, and has always been a very strategic way for philanthropists to leverage their funds. The internet and other digital forums for giving certainly promote this approach. Although of course online givers don't have the personalised, one-on-one experience of a giving circle that actually meets in person to make funding decisions as a group, and this means they don't get the benefits of greater accountability and discussion around strategy that giving circle philanthropy often brings."*

But, it's generally thought that major donors require a deeper relationship with their recipients than digital technology can provide.

Another barrier to online major gifting is the security issue – digital's Achilles' heel – which will continue to prove a challenge; Haiti highlighted how scammers and fraudsters can hi-jack digital means to net donations illegally.

Safe transaction technology like that offered by Paypal is helping, but still the belief is that major donors are unlikely to complete their transactions online.

Nevertheless digital technology is supporting philanthropists in many other ways:

- It can raise awareness of causes and of philanthropy itself

- It allows philanthropists to network

- It offers access to vast amounts of data, revealing trends and patterns

- It educates and enlightens philanthropists leading to new thinking in choices, risks and selection.

Here we feature some of the latest innovations in digital technology aimed at serving and supporting philanthropy in the ways listed above.

For Dominique from Cameroon and Colette from the Democratic Republic of Congo, who attend sessions at New North London Synagogue Destitute Asylum Seeker drop in centre, a clothing donation through Giving World Online (GWO) has been a real boost. GWO provides a free website allowing businesses to publicise surplus goods online to give to charities working with people in need.

www.givingworldonline.com

Philanthropedia, a non-profit mutual fund, which launched its website last November, is using the 'wisdom of crowds', all experts, to inform decision-making. The site enables donors to support an entire social cause with one transaction and gives them access to information typically reserved for high-net-worth individuals and foundation staff. Foundation professionals, academics, and non-profit executives are asked to identify top charitable organisations and distribute a percentage of each donated dollar between them.

Similarly the Rockefeller Foundation is using digital means to harness the power of open communities. Its GlobalGiveback Innovation Challenge gives five non-profit organisations access to a huge network of 'solvers'; an open community of 200,000 of the brightest minds that work to help organisations build better products, bought together by Innocentive. It is the second time Rockefeller is partnering with Innocentive; the first time was in 2006, when it supported 10 challenges on the Innocentive platform and achieved an 80% success rate in solving them.

Haiti.ushahidi.com (meaning 'testimony' in Swahili) is another example of crowd-source information. This crisis map of Haiti allowed people on the ground to report emergencies and missing persons after the January 12th disaster, through a variety of digital channels, with all the collected information mapped in close to real time on the site.

Informing philanthropy

Think tanks and research bodies, foundations and trusts publish hundreds of reports every year, much of it freely available online. New databases, such as The Environmental Funder's Network's latest analysis, showing the pattern of practice of the 97 grant-makers

From engagement to evangelism

Social media, such as Twitter and Facebook, allows donors to add their own voice to their giving, transforming them from engaged givers to ambassadors.

In fact, Facebook co-founder Chris Hughes has just announced the launch of a new social network for good, called Jumo, (www.jumo.com) which means 'together in concert' in Yoruba, a West African language. It is set to start in autumn and aims to help people find causes and non-profit organisations that they care about as well as offering robust tools for sharing content. Hughes said in a recent interview, *"People have a genuine desire to engage with the world around them in a meaningful way, but the internet just hasn't yet caught up with that desire yet."*

David Erasmus, a digital entrepreneur (see My philanthropic journey), says, *"Sites such as JustGiving.com empowers fundraisers with the resources to share with friends, families and colleagues their reasons for supporting specific causes turning them into ambassadors for the charities they support through their personal stories."*

These personal stories are at the heart of the recently launched website Ambassador(s) for Philanthropy, created by the government's own Ambassador for Philanthropy Dame Stephanie Shirley. On it major donors talk about their personal motivations through short online videos, which gives this largely unheard group 'a voice', says Dame Stephanie's chief of staff Roberta d'Eustachio. She believes it will create a 'cultural shift' in philanthropy bringing it into 'the open'.

"Speaking about philanthropy has, in the past, been difficult, but by encouraging people to share their experiences online we have inspired more people to do so across the globe. So much so that philanthropists are contacting us. Organisations are expressing an interest in setting up similar sites in other countries," says d'Eustachio.

Connecting with crowds

Connections are not only made on a one-to-one basis. 'Crowd-sourcing' techniques, popularised through sites such as Wikipedia, are also helping philanthropists.

analysed in *Where The Green Grants Went 4*, uses available data to provide philanthropists and charities with greater insight.

The US Foundation Center, whose mission is 'to strengthen the non-profit sector by advancing knowledge about US, and increasingly, global philanthropy', has created a huge research database. PubHub offers a searchable catalogue of more than 5000 reports, case studies, issue briefs, literature reviews, and annual reports published or funded by US foundations and updated daily.

Last year, it enhanced this digital service with a downloadable PubHub widget. It allows anyone to display on their own website the cover images of the three reports most recently added to PubHub, along with a search interface, effectively releasing hundreds of years and millions of dollars worth of research across the web.

"PubHub helps maximise the impact of invaluable insights and findings. We believe that knowledge is infinitely more valuable when it is shared — especially knowledge upon which the philanthropic sector can help build a better society," says the Foundation Center's president Bradford K. Smith.

This deluge of data would suggest donors are more informed, but are they actually more confused?

"There is almost too much information available to donors," says Smith and it can lead to a 'choice paradox', when donors are made anxious by the overwhelming amount of information and so feel almost unable to make a choice, explains GlobalGiving UK's Jeevan.

Searching for meaning

With so much data available, screening out information is

as important as finding it. Search engines give donors a way to navigate directly to the information they want and bypass the stuff they are not interested in. Search rankings are an increasingly important area of focus for charities and search engine optimised (SEO) websites are pretty standard now.

Real life philanthropy advisors and friends and colleagues are still the most effective and compelling way for philanthropists to gain understanding and advice, but the web is starting to create services that can also help.

Online data aggregator and comparison sites like GuideStar (which has just joined forces with the Directory of Social Change), Give Well, Intelligent Giving, Charity Intelligence Canada and Charity Navigator filter information by rating and identifying those charities they feel are 'best', 'top' or 'most effective'.

While these sites can help donors, they throw up issues of trust and legitimacy about those organisations offering such judgments.

Mapping tools can help give donors a clearer view of who is doing what online. For example, the Foundation Center's 'Philanthropy In/Sight' tool uses Google maps to show donors the causes foundations are primarily funding across the US, and its recently launched portal *Glasspockets*, aims to show which of the foundations it lists are the most transparent.

Smith says: *"Foundations that receive tax deducted dollars have a responsibility to be transparent, open and accountable. They are in a privileged position in that they own a lot of information on the issues they fund and have a responsibility to share this."*

"Though we must beware thinking that if we build it, they will come – we've learned the hard way that the availability of data does not necessarily equate to demand for that data."

Support Orphans in Zimbabwe is one of GlobalGiving.co.uk's listed partner projects and one donors can connect with online. Pictured is Hazel, age 7, at an Island Hospice paediatric clinic in Mufakose. Find out more: www.globalgiving.co.uk/pr/2700/proj2655a.html

Image courtesy of Global Giving UK

NPC's Tris Lumley describes the Foundation Center's 'Philanthropy In/Sight' mapping tool as a *"wonderful piece of work"* and one he would like to see replicated in Europe. *"Which funder wouldn't want to know what other foundations were funding in their area of interest before investing their own money? It should transform giving,"* he says. *"Though we must beware thinking that if we build it, they will come – we've learned the hard way that the availability of data does not necessarily equate to demand for that data."*

Triodos, 'the world's most sustainable bank', has a similar tool called 'Know Where Your Money Goes', which enables savers to see the loans that are being made with their deposits and where through an interactive map.

Such tools and sites are opening up philanthropy, creating more transparent prisms through which donors can view and do their giving.

But there is some evidence that donors may not like the unexpurgated truth. Kiva.org, the online person-to-person micro-lending platform, was accused of misleading the public in the way it said funding flowed between donor and beneficiary; Kiva admitted that donors would rather connect with a face than an organisation making the loan, which throws up issues of transparency and how far to go in making donors feel good about their giving. The vigorous debate veered from ethics to practicalities and even whether it mattered. It raises two points: how challenging transparency can be for organisations, and whether donors want the real truth.

Open to business

The founding principle of the internet is collaboration and philanthropic collaboration is alive and well. The US

Lodestar Foundation, for example, has set up a searchable database of collaborations to give other non-profits templates to work from and awards an annual $250,000 (£175,000) prize marking the best collaborations.

The internet can provide the perfect platform for collaboration but it also calls for an open and sharing attitude between bodies, and that often relates to both parties seeing the value in collaboration.

Lumley of NPC, which freely shares its research online, says, *"Providing information is the only reason NPC exists. Our aim is to make sure it gets to the right people in usable formats. Better information is the key to people giving more effectively. Though our research costs us money, we believe we gain in the end by piggybacking the ways other organisations use it."*

But collaboration can prove difficult even if the will is there – it often calls for standardisation of data; certainly the US Foundation's Smith reported this as a major hurdle in creating the 'Philanthropy In/Sight' tool.

And *"common metrics may focus attention on low cost, less effective standards,"* warns Bernholz in her *Disrupting Philanthropy* paper, while greater transparency may also limit creativity or risk-taking.

Trusts and mistrust

Trust is an integral part of philanthropy and it is one area where digital technology still has to prove itself (see EuroView). It's no coincidence online users tend to stick to well-known online brands – Amazon, Google and Facebook have little competition.

When organisations do mislead or misdeed, though uncommon,

the stories end up in the press, like the recent Third Sector story, *Two charities spent less than 1 percent of income on charitable activity*, (Third Sector Online, 26th February 2010). Such stories highlight the need for due diligence.

The Charity Commission register or OSCR in Scotland is often a first stop – more than 50% of the Charity Commission's site traffic goes to their register of charities. Its 2008 report *Public Trust and Confidence in Charities*, conducted by Ipsos MORI, in fact shows a slight but significant increase in public confidence in charities.

It also shows a clear consensus from the public on the importance of charities publishing information relating to how they spend their money, and what they have actually achieved.

"But it is not a 'magic bullet', says nfpSynergy's Joe Saxton. "What it might do is make 10% more people give and 10% of them give better".

Oxford Internet Institute gathers leading digital exponents to explore e-philanthropy

Oxford University's Oxford Internet Institute (OII) will be exploring the impact of digital technology on philanthropy at an event on 14th April, organised in collaboration with the government's Ambassador for Philanthropy Dame Stephanie Shirley.

The event, 'Giving in the digital world', will begin with a public lecture by keynote speaker Dr Lucy Bernholz, co-author of Disrupting Philanthropy, a study of digital behaviours in philanthropy. It will be followed by an invitation-only forum which aims to bring together practitioners and academics in philanthropy and charitable giving with experts from the OII and the broader Internet and research community to discuss the implications of the Internet for the practices and cultures of philanthropy in the UK.

Leading practitioners in philanthropic giving who are attending include Ben Brabyn of Bmycharity, Jon Brooks of The Big Give, Sharath Jeevan of Global Giving UK, Marcelle Speller of Localgiving.com, and Jonathan Welfare of the Nominet Trust.

A webcast of the lecture will be available to the public within several weeks of the event.

For more information visit
www.oii.ox.ac.uk

Nine out of 10 people agree, or tend to agree, that it is important charities explain, in a published annual report, what they have actually achieved, the survey shows.

Aside from commissions, other approaches that can help build trust include creating charter marks such as the Social Enterprise Mark recently introduced by the Social Enterprise Coalition (SEC).

Peter Holbrook, chief executive of SEC, says, *"The time is right for the introduction of a visually powerful mark that indicates, at a glance, the integrity of an organisation and around which we can drive awareness and understanding."*

Others feel user-generated recommendations will help organisations grow trustworthy reputations. Just as e-Bay sellers gain reputations based on the experience of those who have bought from them, www.betterplace.org has created a 'web of trust'. It consists of different users giving an account of their experiences with the person responsible for the project and the project itself. *"Thus, over time, there develops a differentiated evaluation system for projects, which prevents fraud, increases project efficiency and enables supporters to choose projects according to their own criteria,"* says the site.

Trust and security remain issues for donors as does control – the web is being ignored because it is felt to be too public, particularly for trusts and foundations, in the UK a traditionally 'publicity-shy' sector of philanthropy.

Jacqueline Rae, director of Colyer-Fergusson Charitable Trust and advisor to several charitable trusts, says, *"Trusts and foundations have a unique standpoint when it comes to employing IT. Although many large grant-making foundations have taken advantage of today's technology, many of the smaller trusts are reluctant to invest in IT solutions. Without the competitive commercial drive to make a profit, many are not as hungry as businesses and fundraising charities to use IT to its full potential. Certainly many of the smaller, family run trusts and foundations are still operating with completely paper-based systems, reluctant to introduce computerised systems."*

She says some are very clear that they do not want to be led by IT or lose the personal communication from grant applicants which they fear would be the result of standardised online applications.

"I do not seek to judge trusts that continue to work this way. For many, if it isn't broken, why fix it, and many quite reasonably do not want to be led by IT," adds Rae.

"However, there is no doubt that software, or even the use of advanced Excel spread sheets, can streamline grant-making activity and allow grant-makers to look back through years of data to analyse and understand better their grant-making. Ten years ago grant-makers feared that introducing a website would lead to a flood of ineligible applications. In practice, providing that grant-makers clearly explain the criteria for their grants, the number of ineligible applications is reduced dramatically. Today, many have recognised the benefits of a well-constructed website, where they can publish detailed information about their grant programmes," explains Rae.

While Rae says IT brings many benefits, including saving time and money, this can be offset by the time it takes to train to use it and the cost of implementing it.

"A large part of running a grant-making operation is about 'good organisation' and technology offers a wide

"Technologies are changing how philanthropists find and share information, how they communicate with each other, their grantees, the public and their enterprise partners and how they measure their work and deploy their resources."

The Conflict and Change project, Newham, is a grant recipient of the City Bridge Trust, which aims to address disadvantage by supporting charitable activity across Greater London through quality grant-making and related activities with clearly defined priorities. The trust is currently reviewing its web presence with a view to employing social media tools.

Image courtesy of The City Bridge Trust.

range of ways to help with this. But at the end of the day, computers don't make people organised, they simply turn disorganised grant-makers into computerised disorganised grant-makers!"* says Rae.

It is unlikely that grant-makers will ever be at the cutting edge of technology, she says, *"but it is possible for each grant-maker to cherry pick the most useful technological solutions for them: email, websites, a database and perhaps online applications without having to embrace the whole range of technology – and I would argue, without losing the personal approach to grant-making."*

The City Bridge Trust is one such trust that is preparing to take advantage of technology and began by commissioning Luminous, a creative agency, to critique its website and to suggest ways of improving its digital communications, including blogs, social media and search engine optimisation.

"I don't understand everything about digital technology but I do know it offers brilliant ways to connect and it's something we can't afford to ignore," says Clare Thomas, chief grants officer of City Bridge Trust, who may say she is not digitally savvy, but has dabbled in the virtual 3D world of Second Life and visited its philanthropy events.

Conclusions

Digital technology is informing, illuminating and innovating philanthropy, opening it up to new audiences and possibly growing the giving cake – though it's too early to tell for sure. It allows donors to give when they are most inspired which is a powerful development, while social media is helping build awareness of giving and engaging donors more deeply in the process.

"But it is not a 'magic bullet', says nfpSynergy's Joe Saxton. *"What it might do is make 10% more people give and 10% of them give better,"* he says.

Bernholz sees data as a platform for change. She says, *"Technologies are changing how philanthropists find and share information, how they communicate with each other, their grantees, the public and their enterprise partners and how they measure their work and deploy their resources."*

But she says, *"It is important to remember that digital forces do not predetermine a future of philanthropy – the future will be written by the myriad ways we deploy, innovate, reorganise and reregulate our choices for funding public good with private dollars."*

There is some discussion over whether digital donors can be thought of as philanthropists. Are they the donors of the future or just sometime givers who use the web like an 'online charity bucket'? This may depend on how those who have shown an interest can continue to be engaged – and again digital technology and social media will help here.

Is traditional philanthropy, perhaps defined as those who give large donations or grants in an engaged way over the long term, benefitting from digital technology?

It should be, says Jeff Jarvis, author of *What Would Google Do?*, who addressed the recent Sea Change 2010 family philanthropy conference in San Diego, via Skype from New York, and challenged philanthropists to use social media as a means of being fully transparent and engaging in 'citizen-centred philanthropy'.

From the few digital innovations listed in this article one

would have to conclude that digital technology can help philanthropists, while remembering philanthropy still largely takes place in the real world – with advisors and by mixing with other philanthropists and meeting beneficiaries.

So like shopping and socialising, philanthropy today is an 'integrated' experience – it happens online and off. The US Foundation Center's Bradford K. Smith describes it as a *'high tech and high touch'* experience, requiring digital and human interaction.

Part of the challenge for fundraisers, philanthropy advisors and service providers going forward, will be to understand the 'integrated' nature of the donor journey and to identify 'donor touchpoints', the offline and online moments when they can engage best with donors, just as businesses are grappling with understanding the integrated 'customer journey'.

Does it matter how long a donor journey lasts? – a couple of seconds or a number of years? And does it matter that millions of pounds are given by one person or organisation or a few pounds are given by millions of people?

Perhaps we are fixating on process at the expense of motive? New ways of giving and communicating are constantly being developed; is this just one more development like any other, or does digital technology represent a fundamental shift in the way that philanthropy takes place?

The jury is out on whether a system based on noughts and ones can add the same to the philanthropic pot and whether it will improve the way that pot is spent. But it is clearly mobilising a new generation of donors and philanthropists.

Case Study

One Thousand Pound club
Globalgiving.co.uk

GlobalGiving.co.uk is the 'Heineken' of fundraising sites says its chief executive Sharath Jeevan; *"It aims to reach causes other organisations can't."*

It does this by connecting grassroots projects with donors across the world and vets all its projects to ensure they are charitable in nature and have a social impact, he says.

Each project partner is also encouraged to submit quarterly progress updates on GlobalGiving.co.uk, including the activities, accomplishments and results of the project so far. *"This creates a dynamic and meaningful relationship between projects and donors,"* says Jeevan.

An example of one such partner is Free and Educate Bonded Nepali Girls. This project rescues young Nepali girls from bonded servitude and provides them with six years of education, which will enable them to graduate from high school.

GlobalGiving.co.uk has now launched a One Thousand Pound club inviting donors to become 'mini Bill Gates' by creating a 'giving portfolio' of international grassroots projects with a donation of £1,000.

"We were finding that many of our donors were giving a thousand pounds or more at one go," said Jeevan, *"and we thought, why not offer them the chance to diversify their donation across a tailor-made portfolio, much like a portfolio of shares. So they can, for example, allocate 50% to water projects, 30% to education projects, and 20% to projects in India. Now literally anyone can become a mini Bill Gates with only a thousand pounds."*

The Global Giving team chooses the portfolio to match the donor's interests, passions and charitable preferences, with agreement from the donor, who can view reports from their project via a GlobalGiving UK online account.

Email sjeevan@globalgiving.co.uk if you are interested in learning more, or call the office on 0044 (0) 207 8418981.

This CAPEC project, which provides education facilities to underprivileged rural children in Cameroon, is one of GlobalGiving.co.uk's listed partner projects and one donors can connect with online. The region has a low literacy rate, as parents prefer to use their children working on the farms. Find out more: www.globalgiving.co.uk/pr/4000/proj3957e.html

Image courtesy of Global Giving UK

Case Study

thebiggive.org.uk

The Big Give (TBG) is the brainchild of Alec Reed CBE, founder of Reed Specialist Recruitment and The Reed Foundation. Described as the 'Google of giving', theBigGive.org.uk helps philanthropists connect with charities online.

Challenge funding, The Big Give's latest online innovation, encourages trustees, philanthropists, celebrities and fundraisers to work together to inspire new donors and promote online giving. The recent explosion in e-philanthropy has made it possible to connect these groups at the click of a button.

In 2008 TBG launched its first 'Challenge Fund' offering the public the chance to have the first £5,000 of their donation doubled by Reed. The challenge raised £2m in an astonishing 45 minutes.

The 2009 Christmas Challenge raised an initial £2m in just 25 minutes, going on to raise £8.5m for 174 charities. The Reed Foundation joined with trustees and major donors to double 7,893 online donations from the public, with an average online gift of £415.

"Challenge funding is an innovation which draws in new donors, encourages larger donations and gets people excited about the idea of giving online," says Helen Cable, TBG project manager.

Donations are matched on a first-come-first-served basis and charities 'race' to obtain the largest share of the fund, creating an urgency that can only be achieved online. This has proved popular with both donors and charities; in 2009:

- 70% of charities found that the challenge encouraged donors to give online for the first time
- 58% said donors gave more than they usually would
- 40% encouraged their trustees to get involved

Amongst the feedback from charities, the Open University (OU) said almost half of the donations it received were from new donors.

Another charity said the challenge had been *"a really useful way to get donors excited about giving – and helped us get commitment from some high level donor contacts who had not previously donated."*

Emergency response

Creating challenge funds online enables TBG to react quickly to urgent appeals. Following international disasters, philanthropists pledge their support on the website to create the challenge fund which then doubles public donations. TBG has already run Challenge funds for the Asia-Pacific disasters, Ethiopia famine and Haiti Earthquake, the latter of which raised over £175,000.

Future challenge

In 2010, TBG aims to raise £20m from its biggest Challenge Fund yet. Alec Reed is, for the first time, inviting fellow philanthropists to join him in providing the catalyst funding for the scheme, meaning the potential for doubling online donations will be greater than ever.

Legacy challenge

At the beginning of April, the matched challenge concept will be applied to legacies.

"They will be used to double online public donations to charities close to the will-writer's heart," explains Cable. *"This could double the value of the legacy and will reward the most proactive charities who are able to inspire the most online donors."*

For more information about challenge funding, contact helen.cable@thebiggive.org.uk

Alec Reed, founder of Reed Specialist Recruitment and the Reed Foundation has raised millions of pounds in minutes through his novel 'matched funding' concept on The Big Give website. Find out more: www.thebiggive.org.uk

© Philanthropy UK / Lisa Barnard

Best of the blogs

Sean Stannard-Stockton, arch blogger and founder and CEO of US based Tactical Philanthropy Advisors reviews his top five philanthropy blogs

Change.org's Social Entrepreneurship Blog

▶ http://socialentrepreneurship.change.org/

Nathaniel Whittemore maintains one of the most frequently updated blogs in the social impact space. He offers an optimistic, yet realistic, view on social entrepreneurs, philanthropy and the potential of for-profit enterprises to create social impact. With a fresh, irreverent writing style, Nathaniel writes one of the few philanthropy themed blogs that breaks free from the academic, jargon filled language used by so many in the field.

Philanthropy 2173

▶ http://philanthropy.blogspot.com/

Lucy Bernholz has been blogging philanthropy since 2002, before most people even knew what blogs were. A keen observer of philanthropy, Lucy is especially prescient in understanding how philanthropy (and many adjacent

fields) is evolving. Her writing at the beginning of the last decade accurately predicted many of the key developments that came to pass. Read Philanthropy 2173 and you'll get a peek at what's coming next in philanthropy.

The GiveWell Blog

▶ http://blog.givewell.net/

Holden Karnofsky and Elie Hassenfeld, refugees from the hedge fund industry, founded charity analysis group GiveWell in 2006. Their blog offers an extremely analytical look at how to evaluate non-profits. But these two analysts also have some of the sharpest tongues in philanthropy and frequently criticise many of the industry's sacred cows. Love them or hate them (there are many people in both camps), their blog offers extremely insightful, logical commentary on grant-making.

The Intrepid Philanthropist

▶ http://cspcs.sanford.duke.edu/blog

A new blog from The Center for Strategic Philanthropy and Civil Society at Duke University, The Intrepid Philanthropist features regular, weeklong guest blog authors who are some of the most senior and respected

people in philanthropy. Recent guest authors have included the heads of the Skoll Foundation and Edna McConnell Clark Foundation as well as influential academic Paul Light. The blog offers a rare chance to hear from many senior philanthropic leaders who do not maintain their own blogs.

Give & Take

▶ http://philanthropy.com/giveandtake

With the explosion of philanthropy, nonprofit and other social sector blogs, the Chronicle of Philanthropy has created the Give & Take blog to track the most interesting and important items from across the field. This excellent resource helps readers see across domains and pick up on key insights from nonprofit consultants, fundraisers, 'next generation' leaders and others whose writing they might otherwise miss.

Sean Stannard-Stockton,
CEO Tactical Philanthropy Advisors.
www.TacticalPhilanthropy.com

Twitter.com/TactPhil

Essential e-glossary

Here we define 10 popular digital terms to help clarify any fuzziness around the often baffling web speak we hear on a daily basis.

Application

Application software, also known as 'application', or 'app', is computer software designed to help the user to perform a specific task. Typical examples are word processors, spreadsheets, media players and database applications. Apple has popularised 'apps', allowing anyone to create an application for use on its iphone. Examples of the thousands of apps available, either for free or a fee, ranging from receiving the FT direct to an iphone, a tool that will help the user avoid picking up a parking ticket, or the just launched app, inspired by the Pope's call for the church to use social media – virtual Rosary beads!

Blog

A blog is a contraction of the term 'web log' and refers to a part of a website, usually maintained by an individual, that offers regular entries featuring commentary, reviews or other material such as graphics or video. Many function as personal online diaries, but can offer a way for experts to debate issues making use of 'comments', an interactive facility that allows readers to post commentary on a blog. Technorati has indexed 133,000,000 blogs since 2002.

Cloud computing

Typical cloud computing providers deliver common business applications online that are accessed from a web browser, while the software and data are stored on servers that do not belong to the user. The classic example of cloud computing might be Gmail, offered by Google. The upside is it means very small organisations do not have to make a capital outlay or invest in expensive infrastructure and training to use certain services and applications – they effectively 'rent' the services and computer power. The worry is that the owners of such servers, for example Google, Microsoft, and Amazon, become the 'owners' of huge amounts of information which some believe threatened the democracy of the web.

Internet

The terms 'internet' and 'world wide web' (www) are often used in everyday speech without much distinction, but they are not the same thing. The Internet is a global data communications system, relying on a hardware and software infrastructure to provide connectivity between computers. The Web is a collection of interconnected documents and other resources available on the internet, linked by hyperlinks and URLs (uniform resource

locators) such as the 'address' of a web page (eg.www.philanthropyuk.org).

Mash-ups

The term 'mash-up' is primarily used to describe a remix of digital data and services to create a new product or service e.g. BBC news and Google Maps are used in a 'mash-up' so users can see the news happening in their local area.

Social media

An umbrella term that defines the various activities that integrate technology and practices that people use to share insights, experiences and perspective with each other such as blogs, Twitter and Facebook.

Web 2.0

A term that refers to a 'second generation' of internet-based services that allow for collaboration and sharing of information. These include social networking sites such as Twitter and Facebook.

Webinar

A seminar that takes place online using video conferencing software that allows many people to take part.

Widget

A web widget is a portable piece of code that can be installed and executed within any separate web page by an end user. The US Foundation Center's Pub Hub widget, which allows anyone to download a graphical interface allowing access to a database of research and reports primarily funded by US foundations, is a good example. Widgets often take the form of on-screen tools such as clocks, event countdowns, stock market tickers, flight arrival information, daily weather etc.

Wikis

A 'wiki' is a piece of software that allows users to freely create and edit web page content. It encourages democratic use of the web and promotes content composition by nontechnical users, as seen on Wikipedia, which has fairly well defined rules of use, unlike other wikis. Wikis allows the organisation of contributions to be edited in addition to the content itself.

Ward Cunningham, the developer of the first 'wiki' software, WikiWikiWeb, originally described it as 'the simplest online database that could possibly work'. 'Wiki' is a Hawaiian word for 'fast' and has been used by some to stand for "What I Know Is".

David Erasmus, digital entrepreneur and philanthropist.

My philanthropic journey

Spanning worlds, building bridges

by David Erasmus

"I was introduced to philanthropy at an early age, when my Dad introduced the 'poor box'. Every week I'd get 50p pocket money, and would have to put 10% of into the poor box, which was used to help people in Ethiopia.

That drilled into me the philanthropy mindset – and giving away a portion of what I earn has been standard practice ever since.

For me philanthropy has been a very integrated part of working life, and is something that has come naturally. I've incorporated that philanthropic mindset into a work context, and it has also been important for me to employ people that benefit significantly from working in my business.

I started my first company, providing online marketing service to businesses, when I was 19-years-old, and as profitability grew into my second year, I was able to start giving more significant sums of money away.

I've always seen an importance in recognising the local and the international, and therefore always chose to split my giving between the world's poorest and the local needs within my community.

When I was 21 I sold my company, and was presented with a new challenge – what to do with the rest of my life.

I set myself a goal for the rest of that year: to figure out what needs to be done in the world.

This led me to many different countries and meeting a host of high level, significant people in the development and charity space. I asked many questions and learnt a lot.

That year I began working on NoPC – a sustainable solution for rural education, powered by solar panels and 3G internet connection – which is amongst the most advanced in the world, to begin in South Africa.

I also set up a company in SA, hoping to create employment for local people. I took on six members of staff; one was from a black township, two xenophobia victims, one bi-polar Africana, and one white English recovering alcoholic, and tried to start a business with them.

Unfortunately it was too much too soon and I learnt that true restoration and development needs slow progress, building on a solid foundation.

If you take five crack addicts and put them in an empty house, all you have is a crack den. But if you build a lovely family home and invite one crack addict to live with you, with love and support they may conquer their addictions.

Through my lens, the best conclusion I can draw thus far

"I believe the two words that typify the next generation are 'mobile' and 'social'. We want to be able to contact people anywhere and interact with them. Charities need to be able to react to deal with this culture shift and meet people where they're at."

is that providing innovative educational solutions to poor and rural communities and also providing entrepreneurial opportunities for employment are the most useful things I can contribute to our global community.

This revelation has led me even further and down the road of blending philanthropic and business models.

Today I work on and support projects that have the following DNA: 'transparency', 'trackability' and 'accountablity'.

I believe the two words that typify the next generation are 'mobile' and 'social'. We want to be able to contact people anywhere and interact with them. Charities need to be able to react to deal with this culture shift and meet people where they're at.

One of the reasons I sold my company was that selling online marketing to businesses lost its impact on me – and I wanted to do something more fulfilling, For me, that was making money AND doing good – which is typical, I believe, of my generation. We don't see philanthropy as an add-on; we want our work as a whole to add value to society in one way or another.

In terms of what I hope to leave behind, I like supporting projects that are sustainable, and therefore hope that

whatever legacy I leave will grow in my absence rather than diminish. I would like to be remembered as someone who built bridges between different groups and was often found hanging out with society's outcasts, as well its powerbrokers; eating caviar on Monday and crusts on Tuesday."

David Erasmus, digital entrepreneur and co-founder of online social enterprises based in South Africa including clickego.com and NoPc.org.uk. Erasmus also runs a business start-up incubator called Cubate.com and is about to launch a smartphone application called GetGiving, offering a low-friction way for donors to make micro donations to selected charities in seconds.

www.daviderasmus.com

*Melissa A. Berman, president and CEO
of Rockefeller Philanthropy Advisors.*

A broader view

Letter from America: *The web is for giving and not forgetting*

by Melissa A. Berman

"As the horrific tragedy in Haiti reminded us, e-philanthropy offers us the opportunity for immediate response, whether through online giving or through cell phone donations.

For many of us, the urge to do something helpful immediately is incredibly powerful. That's why there were literally lines around the block of the American Red Cross blood donation centre in Manhattan on 9/11.

In past crises, we've seen e-philanthropy used predominantly for that immediate, heartfelt gesture. Online giving surges after a catastrophe, and then subsides. Some donors do their year-end giving online – but of course that's just using the internet as a substitute for the mail service. It's not changing the amount or direction of funding at all.

I'm hopeful, though, that this time online and cell phone donors will be willing to return to e-philanthropy to fund long-term reconstruction for Haiti (sadly, it might be more accurate to call it construction than reconstruction, given what Haiti has lacked for so long, from a building code to schools to hospitals). If we've learned anything from our experiences with how philanthropy can make a difference following a massive disaster, it's that the immediate needs are quickly overshadowed by the more time-consuming, expensive and uncertain work of creating infrastructure, economic development, environmental protection, and social justice. And that's where e-philanthropy has often faded away.

What's different this time? The tremendous volume, so to speak, of blogs, wikis, tweets and social networks that are devoted to philanthropy and social change, from the most theoretical discussions about the nature of generosity to the school kids gathering money for a cause that resonates with them. The opportunity in this case, I believe, is for the many blogs and social networking sites to keep Haiti's progress as part of the fantastically vigorous conversation, convening and communal action that lives on the web.

This may be more of a call to action than a prediction, of course. And indeed, I do urge my colleagues in philanthropy to use these tools to keep the issues that need philanthropy in front of their audiences for the longer term, and not just for a one-time response. If e-philanthropy is going to have a future, it needs to be more than just a way to make a one-time donation, or as a substitute for a stamped envelope. It needs to be used for sustained giving, for exchanges of strategic assessments, for information sharing about outcomes and opportunities, for coordination and collaboration. We have the greatest set of tools the world has ever seen to solve problems together. Let's get started on that."

Melissa A. Berman is president and CEO of Rockefeller Philanthropy Advisors. www.rockpa.org

*Michael Alberg-Seberich,
executive partner at
Active Philanthropy*

"But, is philanthropy really only about (better) donations? No. Philanthropy is often defined as the giving of time, talent and treasure – at Active Philanthropy we have added 'trust' to the list."

EuroView: *Trust is still the currency of giving*

by Michael Alberg-Seberich

Right now, there is one issue in the giving world that is discussed no matter where you are in Europe: the role of the internet and its various dot.org evolutions for the future of philanthropy.

Everybody is excited about it and some people claim that giving to charity through online websites will transform the world of philanthropy. I agree, if this is seen as an extension of the distribution systems for donations and the easier access to information on charities – a tool-based approach. However, the web has restrictions and may even be a roadblock for experiencing more active forms of philanthropy.

The dynamic development of the internet as a giving vehicle can be observed on a European scale, as this random selection of websites and virtual tools shows: www.charityrating.org in Sweden, www.donorinfo.be in Belgium, www.spendenplattform.ch in Switzerland, www.emailcharity.com in Austria, www.2aid.org or www.helpdirect.org in Germany. The list appears to be endless. This is also true of those that have already closed down again.

Some of these are real gateways for donations in their respective national markets; others are start-ups that are trying to promote innovative fundraising techniques. Some provide information on charitable organisations; others are pathways for donations to charities. Some are open market platforms where everybody can ask for a

donation; others post organisations based on a certification process. All of them struggle with the one thing that is crucial for philanthropy and, in more general terms, for all markets: trust.

As in most other consumer markets we are likely to observe the evolution of a couple of strong (European) brands that donors trust. A key question will be whether this trust needs to be underpinned by a rigid, transparent due diligence as New Philanthropy Capital in the UK is developing. Or whether it is like www.betterplace.org in Germany, based on a so-called 'web of trust'. The latter signifies that, if several donors give to an organisation, the validity of a posted project and trust placed in it increases. These are the two competing concepts for gaining credibility.

The earthquake in Haiti has underlined the impact of web-based giving tools. Some of the platforms were able to react quickly to the needs of disaster relief organisations, and others immediately presented charitable investments for a sustainable, lasting reconstruction of the country in the Caribbean. Again, the web provided the infrastructure for a quicker distribution of donations and information on charitable causes. Past

"As part of a civil society, donors need to present solutions – even the smallest – for the state to consider."

natural disasters showed that, for instance, in Germany 20% of all donations are given online. The statistics will show that most of the money given through the web went to a select number of charities: the trusted brands.

But: is philanthropy really only about (better) donations? No. Philanthropy is often defined as the giving of time, talent and treasure – at Active Philanthropy we have added 'trust' to the list. It is about volunteering with a food bank, discussing the best strategies to improve education with teachers. It is about hearing about a glacier in Greenland melting and talking with scientists about solutions to stop this. At Active Philanthropy, we experienced again and again that these are the moments that donors recall. They want to dive into this reality and, together with others – the web can play a part in this – to develop solutions for the challenges out there. For them, philanthropy is about experiences with all senses: the heart, the hands and the head.

If our societies strive for better, sustainable, strategic giving, we must create real opportunities for donors and the third sector to learn from each other. This is especially true for most places in Continental Europe, where the state is often still seen as the one who will 'fix' a problem. As part of a civil society, donors need to present solutions – even the smallest – for the state to consider. It is good to know that these cases already exist, but I, at least, feel that there is a need for more and a greater diversity of them.

Every donor needs to ask themselves, *"What do I want to achieve with my giving?"* The question is the starting point for an exploration into the ethics, resources,

approaches, objectives and causes of his, her, or even a whole family's giving. This is not only true for the wealthy donor. If we are willing to give, then every one of us should consider our achievements and aims behind it.

The internet is one tool to increase the impact of these achievements. But it is only as convincing as the passionate people that support it. In the end, the donor decides for her or himself whether a cause or a group of people is worth her or his trust. Shakespeare, who also profited from his day's generosity, wryly once said *"Love all, but trust a few"*. In philanthropy we should strive for this in the virtual world, but no more so than in reality.

Michael Alberg-Seberich is executive partner at Active Philanthropy. Active Philanthropy is committed to the promotion of a more strategic culture of giving in Europe through information materials, workshops and expeditions and advisory services for individuals and families.
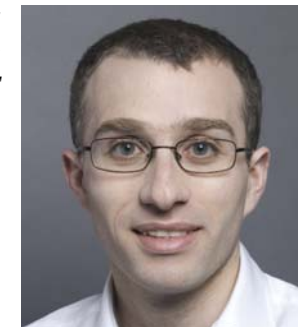
You can contact Michael at alberg-seberich@activephilanthropy.org.

www.activephilanthropy.org

*Adam Ognall
deputy chief executive at
UKSIF*

What's new in social investment?

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

By Adam Ognall, UKSIF

Social Finance launches first Social Impact Bond

Financial return to investors will be based on improved social outcomes. The first Bond issue of £5m will fund social organisations working to reduce re-offending rates of short sentence male prisoners leaving Peterborough Prison. The Ministry of Justice has agreed to make payments to investors in the event that re-offending is reduced below an agreed threshold.

▸ www.socialimpactbond.org.uk

Social finance placing £20m VC real estate fund run by Resonance

Resonance is launching its first social enterprise property fund using social finance as the placement agent. The fund is a real estate venture capital fund backing growing social enterprises – focused on social justice – who have a proven business model.
Contact martin.rich@socialfinance.org.uk

Triodos Bank sees 73% growth in lending and commitments in 2009

The growth takes the bank's total UK lending to nearly £250m. Its lending and commitments to social organisations such as charities and social enterprises grew by 83% in 2009.

▸ www.triodos.co.uk

East London bond for regeneration launched

The Bond is being offered by Citylife with the yield generated given to Bromley by Bow Centre and Community Links. The bond has already raised £1m. Eighty per cent of the money raised is loaned to develop affordable housing with the remaining 20% given directly to charity.

▸ www.eastlondonbond.org

New City of London Social Investment fund for microfinance launched

Arcubus aims to raise £1m into a social investment bond for microfinance in Africa. Arcubus is a charitable company founded by JustShare at St Mary-le-Bow Church.

▸ www.arcubus.org.uk

Esmée Fairbairn Foundation invests £1m in Venturesome funds

£500,000 has been allocated to Venturesome's Bridging Fund which offers low risk working capital and cashflow loans to charities. £250,000 has been allocated to the higher risk Development Fund and £250,000 has gone to the Innovation Fund which tests new financial instruments and other innovations.

▸ www.venturesome.org

Government announces plans for social investment wholesale bank

In the pre-Budget Report, announced on 9th December 2009, the Chancellor announced that the government will finalise a structure for a social investment wholesale bank by the next budget with a £75m commitment to it from money reclaimed from dormant accounts. The Office of the Third Sector has also published the responses to its 2009 consultation on the bank.

▸ www.cabinetoffice.gov.uk

£3m 'social loan' for community transport social enterprise announced

HCT Group has raised £3m to fund growth of its community transport businesses through an innovative 'social loan'. The 'social loan' allows returns to investors to increase (or decrease) in line with the organisation's turnover. The deal has been led by Bridges Ventures, with support from the Futurebuilders Fund and advice from Catalyst Fund Management.

▸ www.hctgroup.org

Publication reviews and notices

review

by Beth Breeze, publications editor

> ***The Art of Giving: Where the soul meets a business plan***
> **Charles Bronfman and Jeffrey Solomon**
> San Francisco: Jossey-Bass, 2010. 276pp. Hardback
> ISBN 978-0-470-50146-7 £19.99 www.josseybass.com

The foreword to this book, written by James Wolfensohn, former president of the World Bank, notes that philanthropy is universal, potent and can make the world a better place, yet it is little understood by society at large and even by donors themselves. This book attempts to rectify that situation by explaining what philanthropy is, how it works and how it feels to be a philanthropist. The authors are more than qualified for the task – Charles Bronfman is the funder and founder of a major philanthropic foundation whilst Jeffrey Solomon is president of that foundation, and both have undertaken a range of other philanthropic duties, including chairing boards and teaching philanthropy. They wrote this book to offer 'candid, clear advice' to donors, and an underlying theme is that philanthropy makes serious demands on donors' time, intellect, feelings and attention, as well as demands on their bank accounts. The book is also intended to help fundraisers understand and talk to potential donors, by giving an 'insider account' of being on the receiving end of their asks.

The authors insist there is no right or wrong way to 'do philanthropy': what matters is how donors want to proceed and that they are successful in finding *"the exact spot in the philanthropic universe where [they] want to be"*. Whilst this donor-centric perspective may occasionally seem at odds with the professed goal of teaching readers how to be 'street-smart, effective philanthropists', it makes it a useful read for those working within charities because it provides revealing insights into the experience and outlook of wealthy donors. For example, it documents the co-existence of an impulse to give money away with genuine bafflement about how to do so, given the opaque and impenetrable nature of the non-profit world. Charities may believe themselves to be welcoming and accessible, but each charity is a complex organism involving traditions, instincts, habits, and a tangle of personalities of the founders, staff and trustees, that can leave donors mystified.

Despite an inclination towards language that repels us less-sentimental Brits (such as the suggestion that philanthropy is 'nourishment for the soul'), this book

treads a fair line between inspiring donors and providing practical advice. It contains c.40 pages of useful resources, it enumerates the different sorts of things that donors can fund (from advocacy campaigns and marketing budgets to the decidedly non-sexy but essential support of a charity's infrastructure), and it doesn't just tell donors to 'do due diligence' but provides a list of questions that can help determine if they are backing the right horse.

This pragmatic approach extends to plain speaking advice for potential philanthropists. For example the decision whether to support an existing charity or set up a new organisation - which greatly vexes fundraisers striving to bring new money into 'old' organisations – is viewed as a question over the 'hassle factor': is it easier to write a cheque and deal with a potentially unpredictable partner or will it be simpler in the long-run to build something new, despite the start-up costs? Similarly the pros and cons of accepting a seat on a charity's board are laid out with refreshing candour: other board members might resent someone who 'buys' a place so donors are cautioned to consider the 'price of membership' and to rely on the strength of their ideas, not the size of their gift. Indeed, a whole section is devoted to 'How to Be a Trustee – and How Not To', which could provide a useful starting point for discussions within many UK boards.

The weakest section of this book is a typology of donors which claims to be non-judgemental (the chapter is perkily entitled 'Donors come in all types'), yet the order in which the types are described and discussed occurs on a clear spectrum, from The Non Donor and The Reluctant Donor, via The Passive and Self-promoting Donor to the pièce de résistance of The Strategic Donor. I'm not sure why Bronfman and Solomon are so wary of acknowledging that this latter type is better, given their book is devoted to encouraging them, but fortunately the rest of the text demonstrates a far greater courage in the authors' convictions. A notably bold chapter, 'The Face in the Mirror' more than justifies the price of the book. It begins by noting: *"No man is a hero to his valet… and no donor is a pure unadulterated blessing to his grantee either"*. Donors are warned that *"the power of money [can] bend even the most sensible people out of shape"* and are encouraged to treat the people and organisations they fund with respect by, for example, paying pledges promptly and giving fair warning if they don't intend to renew a gift. Donors are also warned not to meddle in matters outside their concern, which can amount to 'extortion in reverse' ("I've given you this money. Now do what I say"). Showing even-handedness in doling out criticism, the authors accuse charities and fundraisers of

sometimes treating their donors like ATMs (cash machines) and viewing rich people as 'prospects' instead of 'precious people'.

Despite such asides directed at those working in the philanthropy sector, this book is mostly concerned with speaking truth to rich people who want to be thoughtful and effective givers. However big their cheque, donors are reminded that they will always be outnumbered by the staff and board members. The authors sagely warn that: *"For a donor, money does not buy everything. He needs to recognise that just because he has made a substantial contribution to the non-profit, he does not own it."* The authors' honest reflection on being a wealthy donor includes sharing of philanthropic failure, one example the result of forgetting *"that we were just the donor… It's the peril of being rich"*. Perhaps being rich did lead to that particular failure, but being rich and willing to write about it and the experience of being asked for money is a great gift.

Guest review

by Steven H. Goldberg, author of Billions of Drops in Millions of Buckets: Why philanthropy doesn't advance social progress.

> **The little blue book: NPC's guide to analysing charities, for charities and funders**
> John Copps & Belinda Vernon
> February 2010, 58 pages. £10
> Available from NPC website
> http://www.philanthropycapital.org/publications/improving_the_sector/charity_analysis/Little_blue_book.aspx

Brits and Yanks have cross-exported many things for which we owe each other, alternatively at times, profound thanks and abject apologies. But America will forever be in the UK's debt for one singular contribution to advancing the charitable arts and sciences. I speak, of course, of New Philanthropy Capital's recently published master work, *The Little Blue Book: NPC's guide to analysing charities, for charities and funders*.

True, the LBB is not the OED, but I'm less sheepish than perhaps I should be in thinking of it as philanthropy's Magna Carta. The LBB won't be the last word on charity analysis, but its earliest version was among the very first and its latest may well be the best. What distinguishes the LBB from an over-crowded field is its rigour, scope and utility. I can't imagine any useful methodology for evaluating charities that wouldn't emulate at least 80% of NPC's approach. And NPC started from a nearly clean sheet of paper.

NPC's work has been formative in my own efforts to understand the $300bn (£197m) American non-profit capital market, and I've had the pleasure of knowing some of NPC's brilliant team since 2006 and even visiting its laboratory at London Bridge.

The LBB tackles the most daunting challenges with grace; *"Assessing effectiveness is a complex business"*. It offers and supports the simplest and most profound truths; *"Charities with very different goals cannot be directly compared with each other"*. It takes one's hand and leads the way, step by careful step, along its enlightened six-part framework – activities, results, leadership, people and resources, finances, and ambition – eschewing facile notions that one-size-fits-all. And it does so in concise and highly readable prose.

To be sure, there is one enormous drawback to NPC's rating system: its business model. NPC employs a sizeable and talented staff of analysts who conduct exceedingly thorough due diligence, including site visits and interviews. It is time-consuming and expensive, and its financial sustainability, particularly in substantially larger US and international charity sectors, is unclear at best.

Still, the LBB is a wheel that we shouldn't spend a lot of time and money reinventing. Rather, all of us who care about improving people's lives through charitable giving, working and volunteering should devote ourselves to promoting its widest possible adaptation within a more robust delivery vehicle. It's available on NPC's site as a free download and a £10 booklet. I'm doing both.

▶ *www.billionsofdrops.com*

Influential reading: *Tim Joss*

In each newsletter, Philanthropy UK invites an influential person from the philanthropy sector to tell us what books have most inspired and shaped their approach to philanthropy.

Our 'influential reader' in this edition is Tim Joss, director of the Rayne Foundation. He can be contacted at tjoss@raynefoundation.org.uk.

Tim says:

"The Bosnian War is back in the news. Radovan Karadzic is in The Hague's international courtroom and Ejup Ganic, former president of the Muslim-Croat Federation, is held at Heathrow. Seeing the old footage on television, I am appalled once again by neighbour's inhumanity to neighbour. We may have been spared such extremes in the UK but we have had our own nightmares, including the 2001 riots in northern towns, the London bombings in July 2005 and the Glasgow airport bombing in June 2007. Who would have guessed at such violence? Fissures running between local communities and between faiths were barely visible to most Britons until those critical events blasted them open.

We are now told that Britain is a broken society. It isn't. It is a society which is becoming more complex, more diverse and more unequal. People are perplexed. Many retreat into insularity and intolerance. Others – the world of philanthropy included – are turning to face the problem. The Rayne Foundation has adopted social bridge-building as its overall theme. The Baring Foundation, working with the Institute of Community Cohesion, has created the Awards for Bridging Cultures. The Carnegie UK Trust's Inquiry into the Future of Civil Society has identified 'social cohesion under pressure' as

Tim Joss

one of five 'burning' issues. And the Joseph Rowntree Foundation's recently published exploration of contemporary social evils puts distrust high up the list. These are all signs of an important change. Philanthropy can point to a proud record of tackling marginalisation. It is now recognising it must do more to heal divisions.

This work would be made much easier if there were a greater, richer literature about cohesion. Cue my first book choice: Maria Rosa Menocal's **The Ornament of the World**. Her simple story-telling and delicious prose reveal a very different world but with the same challenges. My favourite passages tell of Cordoba as a haven of diversity in the 10th century. Muslims, Jews and Christians lived together in a city which was then capital of Andalucia, and in those times Andalucia covered most of today's Spain and Portugal. Booming international commerce, scientific advances, shared languages, the high status of learning, consensus on many aspects of daily life, and some universal rights, all helped to harmonise the city. To give one example, no library in 10th century Christian Europe had more than 400 manuscripts. The library of Abd al-Rahman III, the caliph, had 400,000 by one count, and this was just one, albeit the most impressive, of 70 libraries in Cordoba. Knowledge was prized and carefully transmitted from generation to generation. Different branches of learning coexisted – faith and science sat happily beside each other. Different cultures mingled together. Cordoba bred a suppleness of mind and spirit. Look at the Mezquita, the great cathedral mosque. It melds architectural influences as diverse as the Great Mosque of Damascus, Christian churches, ancient Roman

aqueducts (which inspired those red and white arches) and the local landscape of Andalusia.

Just as philanthropy is engaging more with the healing of divisions, so is the wider third sector. Leap Confronting Conflict being voted 2009 charity of the year celebrated this. Look too at Professor Margaret Harris' research which found 160 bridge building activities, and that was just in Oldham, Tower Hamlets and a district of Birmingham. But, in this fast-changing, super-diverse society, we cannot always rely on existing charities. Sometimes we need new organisations focused on today's divisions and opportunities. So my second choice is **Michael Young: Social Entrepreneur** by Asa Briggs, which tells the story of a man who not only drafted the 1945 Labour Party manifesto but also created over 40 organisations including the Consumers' Association, The Open University, the Economics and Social Science Research Council and the School for Social Entrepreneurs. A vital lesson from Briggs' book is that it is not enough to use a foundation's independence and financial resources just to bring people together to focus on social problems. It needs thorough analysis to make sense of the problem and it needs creativity to find a way through.

Here is a current example. Not surprisingly, the Rayne Foundation's bridge building theme has drawn us to interfaith matters. It led to a Cumberland Lodge conference in October 2009 on religion in the news and that led to the idea for a new organisation: a faith media centre to bridge the gulf of trust and understanding between religion and the news. It draws inspiration from

the Science Media Centre (SMC). When science hits the headlines, we have clashing scientific views, complex information, tough ethical issues and journalists with limited understanding and tight deadlines. The independent SMC is there to connect these different worlds.

And so finally to my third choice, the energetic, earthy poetry of Pablo Neruda in **The Captain's Verses**: Neruda the intimate and sensitive, and Neruda the social activist, Chilean senator and international diplomat.

"... I too should like
to let my blood sleep
encircling your sweetness.

'But rise up,
you must, rise up,
rise up now with me
and let us go out together
to fight hand to hand
against the cobwebs of the wicked,
against the system that doles out hunger,
against the organisation of misery."

Neruda can help philanthropists because he knew the points where personal interest and social change meet, and how to marry trust in friends and those you care about with the cool assessment of how best to contribute and achieve the biggest impact. Read *The Captain's Verses* at a sitting – it is easy and a delight – and you will re-emerge far from the Bosnian War and the hatred of neighbours. You will have a new sense of how the love of another fits with the love of humanity."

notices

by Beth Breeze, Publications Editor

Master Your Philanthropy: How to maximize your strategic giving

Nicola Elkins

Bold letters on the cover jacket state: *"You don't have to be a millionaire to be a philanthropist"*, so this book is aimed at all those who want to give effectively to a cause that is important to them. It has a practical 'how to' format, designed to guide the reader through the process of creating a strategic plan for giving. It is also aimed at financial advisors who want to support clients in their philanthropy. Each chapter includes a 'real life' scenario to illustrate the principles under discussion, an outline of the issues involved and a range of potential solutions plus quotes from philanthropists and gift-planning experts and a handy summary of tips to follow and traps to avoid. The nine chapters include 'Selecting your cause', 'Ways to give' and 'Family business and philanthropy'; its brevity and easy-to-navigate format make it a good addition to a bookshelf, especially for someone at the start of their philanthropic journey. Although this book is written with a Canadian audience in mind, it has much of value for readers in the UK and other countries.

Winnipeg, Canada: Knowledge Bureau, Sept 2009. 118pp. Softback. ISBN 978-1-897526-30-9. £14.90. http://www.knowledgebureau.com/Books.asp?tab=Book Feature&ID=RNE001

Handbook on Third Sector European Policy: Multi-level processes and organized civil society

Jeremy Kendall (ed.)

This volume is the culmination of seven years of research by the Third Sector European Policy (TSEP) network. Seventeen chapters offer in-depth insights into the third sector and policy processes in a wide range of European countries, including the Netherlands, Spain and Italy, plus over-arching chapters that consider European-wide processes, the impact of decision making in Brussels and the evolving landscape within which European third sector policy is developing. The book is endorsed by a number of influential people, including Professor Pete Alcock, director of the UK's new Third Sector Research Centre, who says, *"this book will be a major resource for all those interested in the third sector policy environment in Europe. It is the product of extensive research collaboration. . . [based on] the talents and knowledge of key researchers across the EU. . . chapters explore, and explain, the developing European third sector policy landscape"*.

Cheltenham: Edward Elgar, Dec 2009. 424pp. Hardback. ISBN 978 1 84542 960 7 £117 (online discount) www.e-elgar.co.uk/Bookentry_contents.lasso?id=12516

Women, Wealth and Giving: The virtuous legacy of the boom generation

Margaret May Damen and Niki Nicastro McCuistion

This book is written for "boom-generation women" (those born between 1943-1964) and those who need to understand that slice of the demographic pie, such as advisors and fundraisers. In a departure from the standard formats of 'how to' giving textbooks and histories of women givers, this book offers the stories of women who have found fulfilment through giving and discussions on how values shape philanthropic outlooks and the nature of altruism within a consumerist society. A notable chapter deals with dispelling myths about women philanthropists, such as the extent to which husbands influence giving and the interaction between female volunteering and giving. The penultimate chapter contains practical guidance on creating a giving plan, including advice on how to evaluate potential beneficiaries and a typology of boomer women givers. In an inspiring foreword the notable philanthropist activist Tracy Gary writes, *"Born into a world that did not value them, the boom generation of women has made known already its intentions and determination for a world that will work for everyone"*.

Hoboken, New Jersey: John Wiley & Sons, Jan 2010. 232pp. Hardback. ISBN 978-0-470-23064-0 £33.99. http://eu.wiley.com/WileyCDA/WileyTitle/productCd-0470230649.html

Philanthropy and Social Investing: Blueprint 2010

Lucy Bernholz

This short monograph provides an overview of the current landscape for philanthropy, social investing and the social sector. It claims to indicate major trends, identify meaningful innovations and predict important breakthroughs during the coming twelve months. This is the first in a planned annual series of 'blueprints', written by one of the most influential, authoritative and readable voices in the philanthropy sector. As Bernholz writes, *"there is a lot of experimentation and variation in philanthropy right now"* and this report can help with navigating through this increasingly complex territory. Read Philanthropy UK's reaction to publication of Blueprint 2010

http://www.philanthropyuk.org/NewsandEvents/Latestne ws/Bernholznewanalysisofphilanthropyandsocialinvesting offersrealitycheck

San Francisco: Blueprint Research & Design Inc. Dec 2009. 37pp. Softback. ISBN 978-0-615-33867-5 £12.51 http://www.lulu.com/content/paperback-book/blueprint-2010/7970093

Trial and Error: Children and young people in trouble with the law, a guide for charities and funders

Matthew van Poortvliet, Iona Joy and Camilla Nevill

This report, aimed at charities and funders, explores the issue of youth offending and highlights some of the innovative and promising ways that charities are helping young people to stay out of trouble. The report examines strengths and weaknesses within the youth justice sector, outlines the role government plays and highlights areas where philanthropic investment could create the greatest impact. One of the research analysts responsible for the report says, *"We came across a number of charities running innovative schemes, such as dance, boxing and vehicle maintenance, that are effective at engaging young people and diverting them from crime."*

London: New Philanthropy Capital, February 2010. 88pp. Free to download at http://www.philanthropycapital.org/download/default.as px?id=1084