



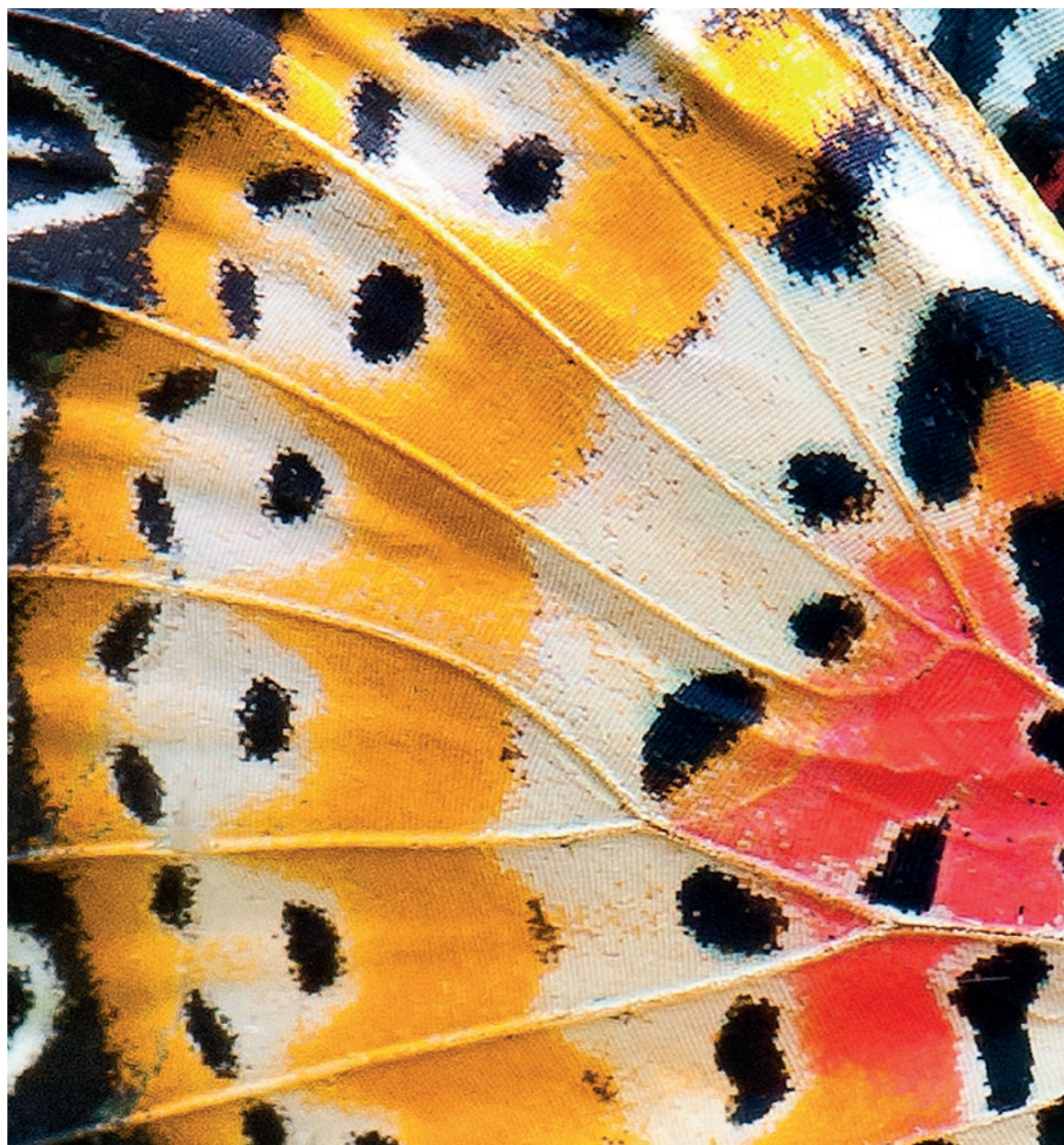
Guide to Giving

For all those who wish
to contribute to a better future.

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WELCOME TO OUR 'GUIDE TO GIVING'

Contribution and connection to others are at the heart of what makes us human. For some, giving starts early in life, influenced by family or culture. For others, it comes later, after achieving financial security or following a significant life event that prompts a re-evaluation of priorities.

Whenever that initial spark occurs, philanthropists often face a confusing array of options. How and where should you focus your efforts? How do you measure progress? How do you create an informed plan and turn it into action?

The seismic shocks of recent years, including a global pandemic and escalating climate crisis, have increasingly brought the fragility of the modern world to the forefront of our minds. Within this context, we see wealthy individuals and families inspired to learn about the pivotal role they can play in driving a more equitable future.

And while philanthropy can supplement other forms of capital and at times provide a healthy disruption to the status quo; one of its significant criticisms is that it does not go far enough in doing so.

The reality is that philanthropy offers both great possibilities and conundrums. Often its value and legitimacy rest not only on what donors do, but also how they go about it. In order for philanthropy to fulfil its promise, donors should take the time to learn about what the world needs and to reflect on what they bring to the table. They should know themselves – and recognise their limits.

As they embark on a journey of giving, they may realise that this is equally a journey of enquiry and personal leadership: one that requires commitment, partnership, humility and – not to be forgotten – heart.

Featuring inspiring case studies and examples of good practice, our 'Guide to Giving' aims to help you navigate the questions you may face, whether you are new to philanthropy or have years of experience and wish to deepen your impact.

We hope its collective wisdom and the questions raised will help you to forge an effective path for your philanthropy. More than ever, we hope that you find fulfilment, growth and joy through your giving.

Juliet Agnew

Juliet Agnew
Head of Philanthropy,
Barclays Private Bank

Isabelle Hayhoe

Isabelle Hayhoe
Senior Philanthropy Adviser,
Barclays Private Bank

Please note: This Guide does not constitute formal advice and we recommend you speak to appropriate advisers, particularly when large sums of funding are involved. The case studies featured should not be viewed as an endorsement of the charities or causes referenced.

Introduction: The path to effective philanthropy

We delve into what it means to be a philanthropist in the fast-evolving modern world, and outline the objectives of our updated 'Guide to Giving'.

At its heart, philanthropy is private wealth used for public good. The word 'philanthropy' derives from the Greek 'philo' or 'love', and 'anthropos' or 'humankind'. These origins capture the essence of giving as an outward expression of love for humanity.

This remains an important concept today, but there is an increasingly common view that philanthropy creates the most benefit when it goes beyond personal values and seeks the greatest possible social good.

In this Guide, we use the terms 'philanthropist' and 'donor' interchangeably to indicate someone who allocates significant private wealth towards the funding of charities or social purpose more broadly. Please see our glossary at the end of the Guide for an explanation of common philanthropy terms.



UNDERSTANDING PHILANTHROPY

Today, there is a drive towards more strategic and thoughtful giving, often with longer-term goals, characterised by research and collaboration with others to address the root causes of significant societal and environmental problems.

Philanthropy may focus on 'classic' giving – making donations (or grants) that have no financial return. There may also be the gift of 'tools' beyond finance, such as time, skills and connections. Or philanthropists may act as 'social investors', offering finance on different terms to achieve specific social goals.

One of philanthropy's most important characteristics is that it has more freedom than government, corporate or investment funds. The pool of philanthropy is smaller, but it can do what other forms of capital cannot.

Philanthropy can fill gaps and flow quickly to less popular or neglected areas, test and innovate new ideas, build evidence and influence policymakers. It can also act swiftly in an emergency and support organisations or ecosystems that need traditional investment or large-scale funding, but which are currently unattractive to other funders.

UNDERSTANDING WHAT THE WORLD NEEDS

Creating impact with your philanthropy relies on taking the time to truly understand what the world needs and how your unique contributions could help to make a change.

Philanthropy is an extensive topic that begins with a personal spark but expands to understanding the world around us. It often takes time, effort and the right mindset to become an effective philanthropist.

For new donors, working through a period of self-reflection, learning and research is likely to be the best way to begin. For the more experienced donor, regularly revisiting your intentions and refreshing your knowledge will help you to sustain a more rewarding and impactful experience.



UNDERSTANDING YOURSELF

Truly effective philanthropy is so much more than a series of financial transactions. Having the most impact begins with understanding yourself and all that you bring to the table. As a philanthropist, you will often wield more power and resources than those you are seeking to support, so another key question is: how will you responsibly use those to the greatest societal benefit?

The practice of modern philanthropy calls on you to thoughtfully interact with the communities and causes that you care about, leaving them better than when you entered the picture. It challenges you to think beyond monetary gifts to the broadest value you could bring and invites you to consider the voices you are including around the decision-making table.

Consider all the small but significant ways that you will interact with those around you. It is unlikely that you will get things done alone; rather you will be most effective working in partnership with others.

If you can comprehend and cultivate self-reflection and learning, you are halfway there.

It is our genuine hope that this Guide will help you take positive steps forward on that exciting road ahead.

ABOUT THIS GUIDE

The Barclays Private Bank 'Guide to Giving' has been created to introduce you to the world of thoughtful, effective and modern philanthropy.

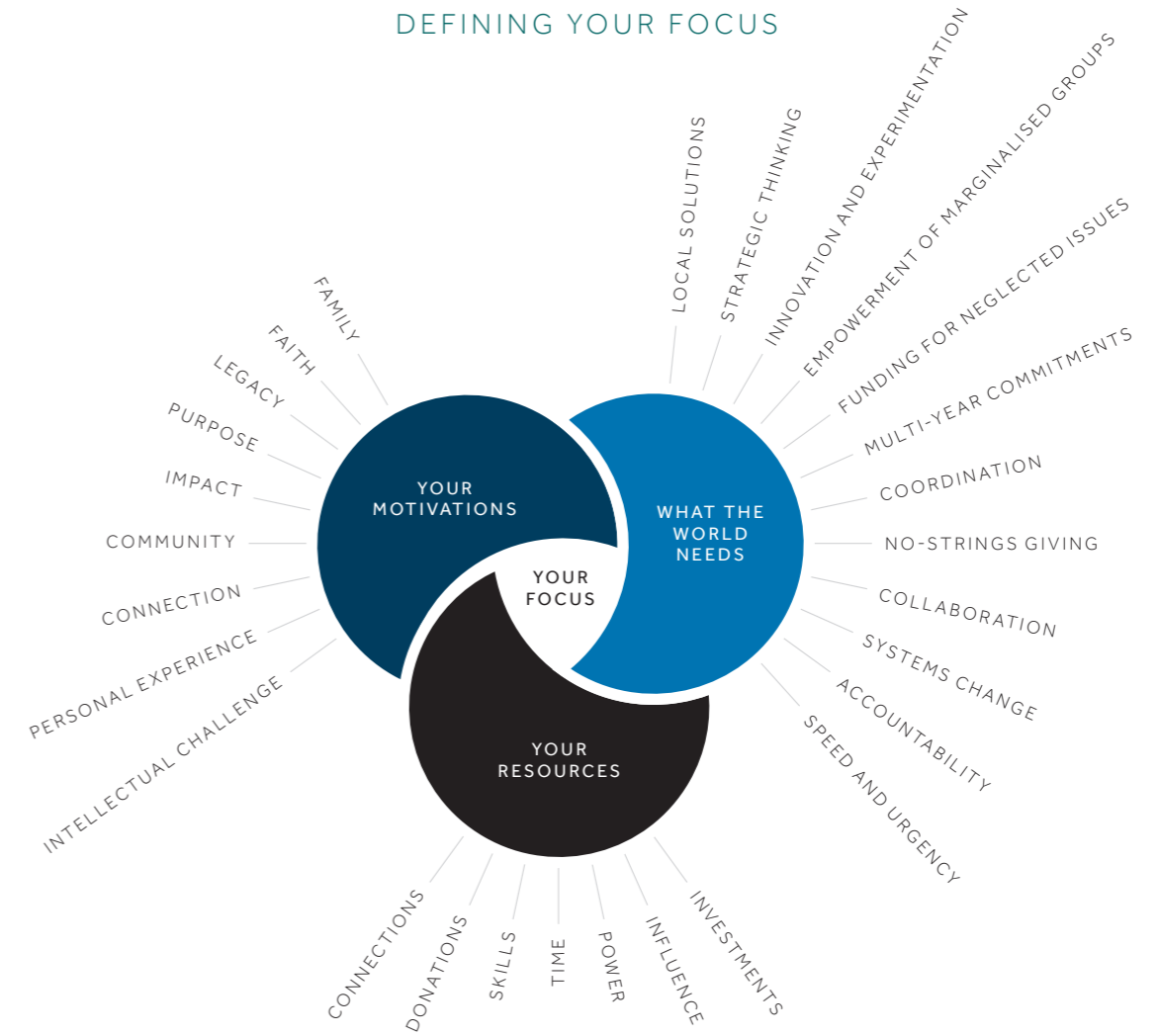
Whether you will give alone, as a family or couple, or as part of a foundation, we offer an overview of key issues that any philanthropist should consider as they create, and put into practice, their giving strategy.

Importantly, we do not advocate for any one approach. We instead aim to help you consider your motivations and the resources you have to offer, find out how to educate yourself on what the world needs, and lay the groundwork to chart your unique path towards positive impact.

To that end, we share key concepts, tools, questions and examples to inform, inspire and build your confidence in giving. Case studies are provided throughout, which bring to life inspiring stories of philanthropy in a wide variety of forms.

We intend for this Guide to be a catalyst for reflection and further learning. We have designed each chapter to be read as a standalone section and encourage you to dive into those that call to you.

DEFINING YOUR FOCUS



Source: Barclays Private Bank, February 2024



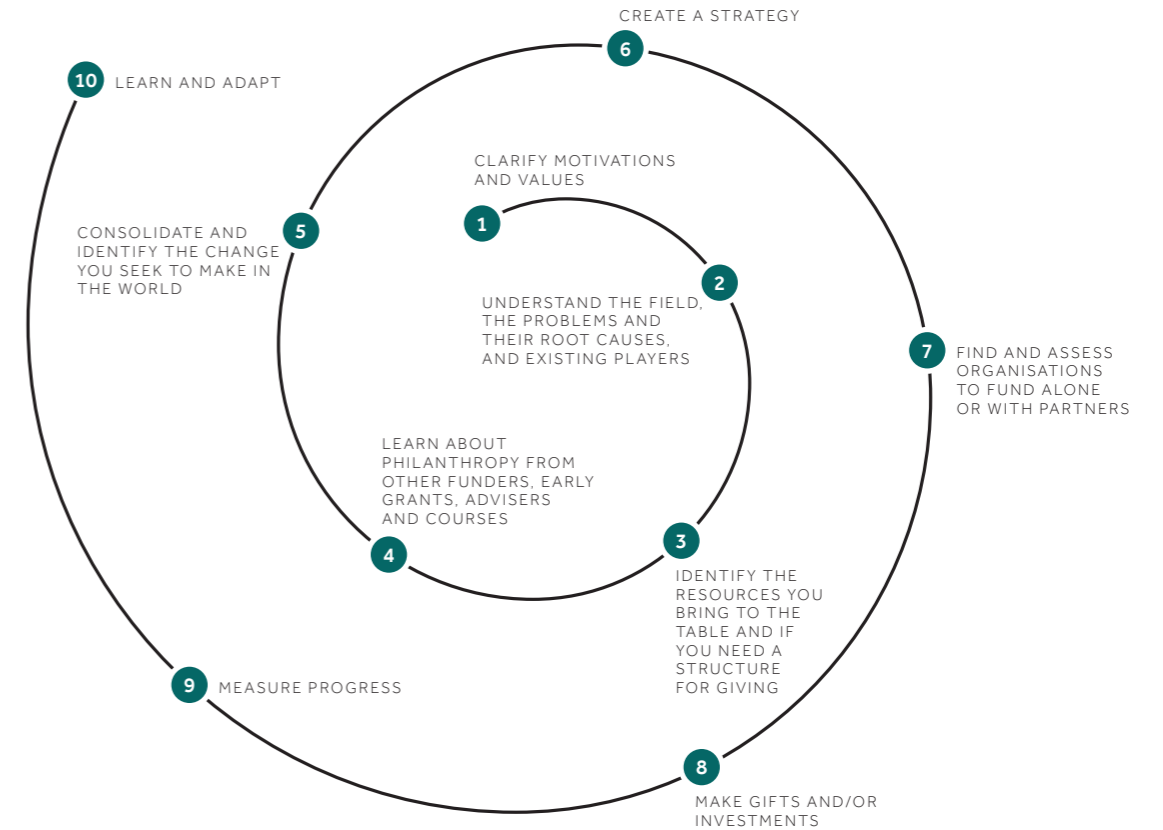
AN IMPORTANT MESSAGE

We hope the good practices shared in this Guide may help speed up your journey towards effective giving and lessen the impact of any challenges that lie ahead. However, it may not be possible to avoid mistakes altogether. In fact, the lessons you learn from your failures may well be the fuel for your greatest personal achievement.

Effective philanthropy entails a mixed bag of discovery, learning, steps forward and course corrections. It evolves as we all do, sometimes gradually, and sometimes at speed. Progress will depend on your drive, along with your openness to learning along the way. Understanding your blind spots will be just as important as understanding what sustains you during difficult times. There are many possible paths, but only you can identify the right way for you.

“Creating impact with your philanthropy relies on taking the time to truly understand what the world needs and how your unique contributions could help to make a change.”

EFFECTIVE PHILANTHROPY IS A JOURNEY



Source: Barclays Private Bank, February 2024



Motivations for giving

Whether giving alone, through a foundation or with family, it's important that philanthropists have a clear understanding of their motivations.

People come to philanthropy for many reasons and with a range of personal experiences, professional skills and perspectives.

Those who have the most rewarding experiences have often reflected on their values and seek to align these with their giving. Having a strong sense of purpose about what you are doing (and why) can also provide you with energy to sustain your efforts over time.

THE BENEFITS OF EARLY REFLECTION

When diving into the complex world of giving, it may be easy to bypass initial thinking about why you really want to do this and what you expect to get out of it.

Bringing your motivations to the light provides you with an important opportunity to:

- (Re)focus your priorities and articulate what values are most important to you.
- Assess how your motivations converge (or conflict) with others involved in decisions, such as family members.
- Ascertain if there are inconsistencies between your motivations and the needs of the communities or causes you wish to support (which may lead to a re-evaluation of priorities).
- Provide clarity to others (such as advisers or team members).
- Fuel your passion for giving over time.

“ I cannot think of a more personally rewarding and appropriate use of wealth than to give while one is living — to personally devote oneself to meaningful efforts to improve the human condition¹. ”

CHARLES F. FEENEY,
PHILANTHROPIST AND ENTREPRENEUR

¹ Source: The Giving Pledge, Charles F. Feeney, 3 February 2011

CLARIFYING YOUR VALUES, INTERESTS AND DRIVERS

Before you can truly understand your motivations for giving, it is often helpful to consider the following alongside family and other team members:

- Why do you want to give?
- Are you drawn to any causes or communities?
- What frustrates you about the world? What gives you hope?
- What have you given your time and money to in the past, and why?
- Has someone inspired you to give?
- What do you want your legacy to be?
- Is faith a driver?
- What values do you want to pass on to others in your family?
- Are you driven more by your intuition and feelings, or by an interest in evidence?
- What have you learnt about your style of working? What might you need to be at your best?
- What do you hope to get out of the experience on a personal level?
- Are you more likely to 'go it alone' or do you see value in sharing ideas and pooling resources with others?
- Are there any reasons to include/exclude family members?
- Do you wish to give discreetly or be open and public?
- Do you intend to align giving with your business or keep it entirely separate?

It can be useful to record your answers and any other questions that arise as you go through this process. Returning to these insights regularly will help you stay rooted in what really matters to you.

GIVING ALONGSIDE FAMILY

For some philanthropists, involving family is an important motivation and there is no doubt that working together can be rewarding.

Reasons to involve your family may include:

- Bringing, and keeping, the family together.
- The opportunity to discuss, share and demonstrate your values.
- Developing new skills and working together to address challenges.
- Creating longevity to, and a legacy for, your giving.
- Learning about what moves, motivates and inspires family members.
- Fostering a sense of family commitment, purpose and contribution to society as a balance to the privilege that comes with wealth.

While managing philanthropy as a family can help forge greater bonds, be aware it can potentially also be a source of tension or conflict. This may be particularly true where differing opinions, values and personalities are involved.

There is no right time to involve family, but openly discussing your aspirations and interests early on can encourage an ongoing commitment to giving.





INVOLVING THE NEXT GENERATION

Philanthropy is one way that parents can show the connection between wealth and responsibility.

Talking about your values and philanthropy, involving others in giving decisions and providing family members with a role in a family foundation are all possibilities. However, it is important to bear in mind the following:

- Try to inspire rather than force children (you may have aspirations that your children do not yet share).
- Some family members may be naturally more engaged or interested than others.
- There can be generational differences of opinion.
- You may have a lot of interest in philanthropy within your family but little appropriate skill or experience.

You might consider the following questions before involving children in your giving:

- What are my reasons for wanting to involve the next generation?
- What are my expectations of them (and are these realistic/fair)?
- Have they expressed any interest in philanthropy?
- Am I modelling the behaviours I wish to see in my family members?
- How will we ensure we are being fair to, or inclusive of, each family member?
- What perspectives do we have that may clash?
- What are our respective strengths?
- What may our likely points of tension be, and how will we manage them?
- As a collective, what skills might we be lacking and what could we need to support us?

There are ample educational programmes and resources for families wishing to explore giving together. External support can help you to unearth assumptions and save you money, time and headaches down the line.

You may even develop a family charter or guiding document that clarifies decision-making, roles, goals and expectations. These conversations can also help you establish the most appropriate structure for your giving and ensure you are set on a path for a rewarding family experience.

Perspectives on giving

Two philanthropists share the experiences and approaches that have shaped their families' giving.

Sonal Sachdev Patel: A celebration of shared humanity



Sonal Sachdev Patel, CEO of GMSP Foundation, reflects on the value of commonality and connection for her family and the frontline organisations she supports.

Established by my parents Ramesh and Pratibha Sachdev in 2006, God My Silent Partner (GMSP) is a family foundation that supports organisations on the ground in the UK and India.

We have built our foundation on the same values that guide our family: trust, love and humility, and a sense of shared humanity. Our values celebrate individuality but insist we look deeper – past skin colour, gender, sexual orientation or other circumstances of fate – to find connection and commonality.

A PHILANTHROPY OF 'PROFOUND FEELING'

This has led to a philanthropy combining head and heart. A philanthropy of data, insights and strategy but also profound feeling, which can be hard to measure and hard to articulate.

In practice, this means rejecting the traditional power dynamic between funders and their grantee partners, challenging our privilege, ceding our power and operating with transparency, patience and humility.

Because strong frontline organisations are best placed to identify and respond to the needs of marginalised people, we provide our grassroots partners with unrestricted funding over several years. That way, they can direct resources where the need is greatest. This is often towards areas others won't fund, such as covering the cost of rent, training and marketing materials.

“ Our values celebrate individuality but insist we look deeper – past skin colour, gender, sexual orientation or other circumstances of fate – to find connection and commonality. ”

SONAL SACHDEV PATEL

INVESTING IN THE RESILIENCE OF TEAMS AND LEADERS

Meaningful change requires a workforce that isn't constantly burnt out. We invest in the wellbeing and resilience of the leaders and teams powering the organisations we partner with. And we look to bring all our assets to our philanthropy, including the network of people we know and the platforms we can access. We can then open these up to our partners.

When we put our belief into practice, we call it 'spiritual solidarity' – a deep connection and commitment to the humanity of our partners and the people they support. We are a family foundation, and when you believe in what we do, you know we are all part of the same family.

Paddy Walker: Giving across the generations



Paddy Walker, Managing Director of investment business J Leon, explains how his ancestors' origins have helped sustain a sense of purpose for his family's philanthropy.

Our family's history is very important to our philanthropy. My wife's ancestors were Jewish Russian and came to England at the close of the 19th century. And in 1956, my mother-in-law, aged just 16, fled Budapest and walked to Vienna during the rebellion against Soviet rule.

THE IMPORTANCE OF ROOTS

The experiences of these previous generations still inform what we do today. As a fifth-generation family office, we invest half our balance sheet in real estate. Land ownership has always meant a great deal to displaced people.

The family's philosophy is to run our investment portfolio as well as we can, and to use a meaningful proportion of surpluses to support charitable activities. At an early stage, we decided not to rely on external experts. Instead, we manage our activities through a family philanthropy council, which meets at least four times a year.

INSPIRING YOUNG PEOPLE

Engaging with the next generation is also a significant motivation for our family and we try to identify causes that will inspire our young people.

We also run what we refer to as a Family Voucher System. Every year, we make a sum of money available to all shareholders and family members. Those under 16 receive a smaller grant, with the size depending on their parents' wishes.

“Engaging with the next generation is also a significant motivation for our family and we try to identify causes that will inspire our young people.”

PADDY WALKER

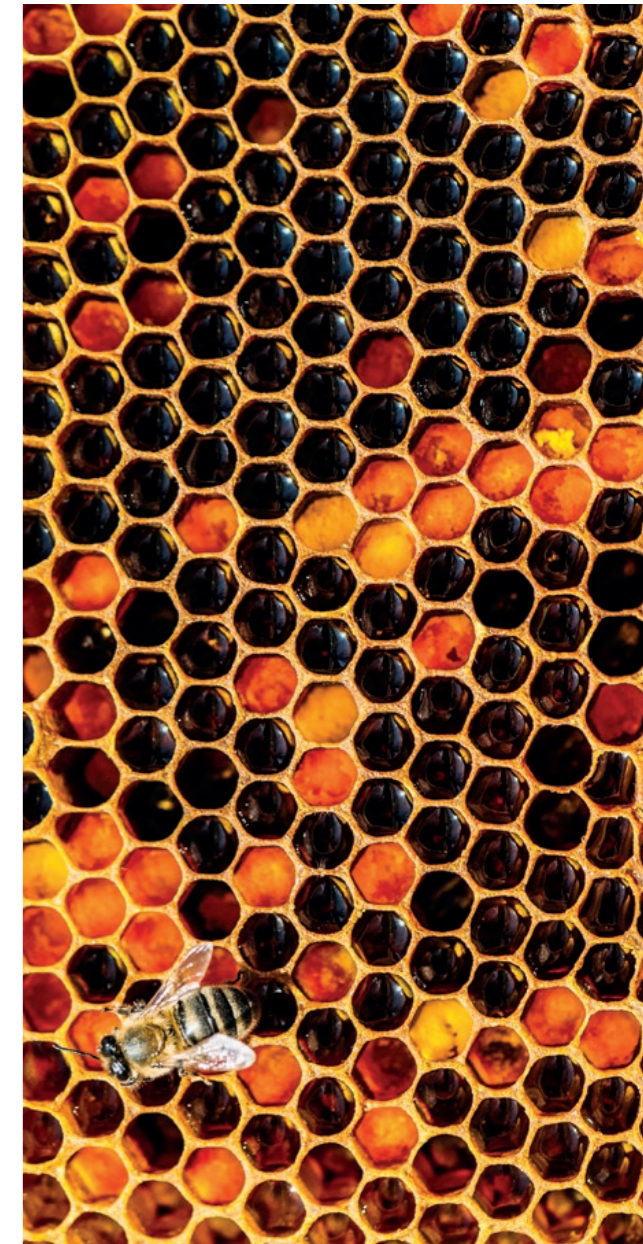
The younger generation can donate this to a cause that is important to them, without recourse to a parent, family member or company officer.

There is one condition: the young people must engage with their selected charity and have visited the charity in person, if possible. The scheme has greatly improved the family's understanding of giving. It also acts as a release valve for shareholders who want to reflect their personal philanthropy choices in areas not covered by J Leon's main charity programme.

'A WONDERFUL FAMILY GLUE'

Every two years, we run a weekend family forum. As part of this gathering, we provide a brief update on our investment performance and hear from family members on the causes that interest them.

This philanthropic effort has been a wonderful family glue, and it's a joy to work with charity teams and see first hand the impact of our grant-making.



Structuring your giving

We reflect on the various resources and giving vehicles available to philanthropists, as well as the importance of good governance.

As you consider how to approach your giving, it can be useful to explore the full range of resources you can offer and what you are willing to commit.

This can help you organise your donations and allocate your time in a way that is most likely to achieve maximum impact.

Here, we explore some important considerations that may help you choose an appropriate structure for your giving.

STARTING YOUR OWN CHARITY

An operational charity is one that carries out charitable activities directly – for example, helping children in school to improve literacy skills. We do not cover this topic in this Guide, which focuses on the business of giving effectively.

Before setting up a new charity, it's important to consider whether this is the best way to use your time and money in support of a cause. There are already more than 180,000 registered charities in England and Wales¹. It is often more efficient and impactful to avoid duplication and pursue your charitable aims by strengthening and funding what currently exists.

¹ Source: Charities Commission for England and Wales, 'Charities in England and Wales', 9 January 2024

CLARIFYING YOUR RESOURCES

Before you can decide on a method for organising your donations, the first step is often to ask yourself the following questions:

- What proportion of your time do you want to devote to philanthropy?
- Do you expect to take a hands-on approach or would you prefer someone to manage your giving for you?
- What assets, skills, and personal or professional connections are you willing to deploy?
- Will you give alone or do you wish to involve others?
- Have you decided what sum of money you wish to allocate and over what time frame?
- Do you intend to provide a lump sum for philanthropy now, and/or will you top it up over time?
- Do you plan to have a formal governance structure that can support decision-making?
- Do you wish to be discreet or are you comfortable with public visibility?

THE 4Ts FORMULA

One approach when deciding on the resources you can allocate to your philanthropy is to use what is commonly referred to as the 4Ts formula.

Time

The time that you and your family will commit to your philanthropy.

Treasure

Assets (money or investments) that you can deploy.

Talent

The skills and experience you bring to the table.

Ties

The personal and professional connections and networks that you can leverage.

“Several factors may impact how you structure your giving. This includes how agile you want your giving to be. Will you solely be a grant-maker or do you wish to run an operational foundation? And over what time frame do you want to give?”

JOHN CANADY, CEO,
NATIONAL PHILANTHROPIC TRUST UK

WHAT STRUCTURE DO YOU NEED?

You have several options as you consider how to structure your giving. What is right for you and your family will depend on your specific wishes and circumstances.

As John Canady, CEO of National Philanthropic Trust UK, says: "Several factors may impact how you structure your giving. This includes how agile you want your giving to be. Will you solely be a grant-maker or do you wish to run an operational foundation? And over what time frame do you want to give?"

"You could also consider using various types of non-cash assets to fund your philanthropy and whether you would like to involve family members."

GIVING DIRECTLY TO CAUSES YOU SUPPORT

If you seek simplicity, you may decide to donate directly to your chosen cause. This enables a close relationship with a charity and a high level of flexibility.

Even some experienced donors giving large sums away prefer direct giving or use this method to complement other types of giving. For example, you may decide to use your foundation for strategic giving and give directly to causes that do not align with your foundation's mission, such as emergency appeals or fundraising requests from friends.

FOUNDATIONS AND DONOR-ADVISED FUNDS

Many donors prefer to have a structure into which they can allocate and organise their giving. Formal vehicles can help to cement family legacies and encourage new generations to give. These may also confer tax advantages – although you should discuss your specific circumstances with your tax adviser.

Two of the most-used vehicles are charitable foundations and donor-advised funds (DAFs).

A foundation is a non-profit entity/charitable trust that provides grants (donations) to organisations or individuals. This may be a private, family or corporate foundation, which a donor establishes directly for the administration of their giving.

A DAF is an umbrella charity in which donors can set up an account to manage their giving. Governance and administration are undertaken by the DAF provider and overseen by a professional team.

This model can allow a donor to have an effective vehicle from which to make donations (grants), while the obligation of meeting legal, governance and accounting requirements is handled by the DAF provider.

It is worth noting that DAFs are not available in all jurisdictions, but versions of a charitable foundation exist in many places. Professional wealth and tax advisers can help you to understand your options, relative to your unique circumstances.

	Potential benefits	Potential risks and challenges
Foundation (private or corporate)	<ul style="list-style-type: none"> • Can provide a multi-generational platform for family or corporate giving. • Can allow a broader spectrum of giving (for example, to any UK or overseas charity, but also directly to individuals and non-charitable entities that meet the criteria of 'public benefit'). • Offers more direct control. • Can run operational charitable programmes in addition to making grants to other charities. • Allows donors to hire staff, if desired. • Can offer greater public recognition and exposure. 	<ul style="list-style-type: none"> • Can be time-consuming to set up and register legally. • Donors will need to open bank accounts, find trustees and develop necessary policies. • Compliance requirements – including independent governance and decision-making – can take significant ongoing time and effort. • Can be costly to run and includes ongoing administrative and audit charges. • Conflicts of interests must be managed carefully, particularly in the case of corporate foundations.
DAF	<ul style="list-style-type: none"> • Can be set up quickly. • Because a DAF is a charitable entity, it provides the same tax incentives at the point of donation as giving to a charity directly. • Can provide a multi-generational platform. • Can usually donate to any UK/overseas registered charity. • Access to expertise and experience via DAF staff. • Generally considered more cost- and time-effective (than a foundation). • Allows more donor anonymity. • Can involve family members. 	<ul style="list-style-type: none"> • Less direct control over both grants and investments, as donors recommend and DAF trustees must approve all requests. • DAFs may have limited investment options. • Some DAFs are not set up to provide impact investments (investing for both financial returns and social benefit). • Some DAFs do not allow wider fundraising activity.

Source: Barclays Private Bank, February 2024

PHILANTHROPY AND TAX

There is an ongoing conversation about the relationship between tax and philanthropy. In many countries, governments offer incentives to encourage philanthropic giving.

Some people believe that money raised through progressive taxation is the fairest method of ensuring that resources are distributed where needed by a democratically accountable government.

Others argue that individual wealth holders have the right to pursue their vision for social change through philanthropic giving. In doing so, they can bring unique ideas, resources and collaborations that complement and enhance public spending.

The two positions may not be entirely at odds with each other. However, in the context of greater scrutiny of philanthropy and a growing wealth divide, it is worth taking time to consider your position.

You can learn more about these perspectives in Chapter 7: 'Accountability, equity and inclusion in philanthropy'.

A WORD ON GOVERNANCE

Good governance and its principles are key to strategic and well-organised philanthropy. In fact, this is a legal requirement if you are giving through a charitable foundation. If using a donor-advised fund, the DAF provider is legally responsible for the governance of all DAF accounts under their charitable umbrella.

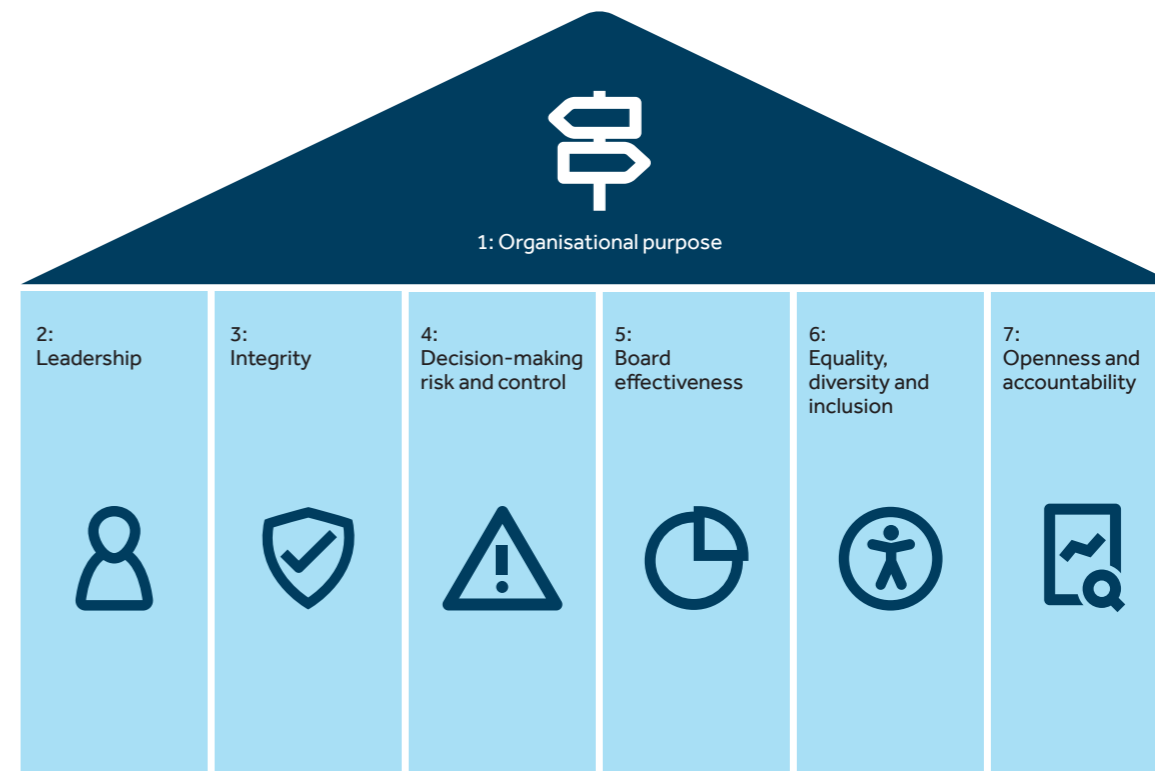
In addition, strong governance can also help ensure that the pillars are in place for credible leadership, public accountability and the achievement of more ambitious goals.

This is a broad topic and whilst we touch on the key principles throughout this Guide, they are not exhaustively explained.

If you would like to find out more about governance and board leadership, see the UK's Charity Governance Code¹. Taken from the code, the framework opposite provides a globally relevant example of good practice, whether for foundations based in the UK or elsewhere.

You could also look up the Association of Charitable Foundations and the National Council for Voluntary Organisations (NCVO) for additional guidance.

¹ Source: Charity Governance Code, August 2020



Source: Charity Governance Code, August 2020

Achieving lasting change through collaboration

We asked Sally Morgan, a trustee of the Steve Morgan Foundation, to share the motivations behind her inspiring philanthropy journey. Here is her story.

Established in 2001, the Steve Morgan Foundation supports disadvantaged people in Merseyside, West Cheshire and North Wales. As one of the largest private foundations in the UK, it works with hundreds of charities every year.

In this in-depth case study, Sally Morgan, a recruitment leader who has been a trustee of the foundation since 2015, talks about the value of collaboration, the impact of local roots and role of business principles in philanthropy.



"Having been highly successful in the building industry, my husband wanted to give something back to the areas that had been important to him. Liverpool is where he was born, grew up and spent most of his working life, and it's a part of the country that doesn't have a great deal of wealth.

Initially, the foundation worked with a small number of local charities, giving away two, three or five million pounds a year in response to requests we received. The reason for this geographic focus was that we wanted to ensure every hard-earned pound went directly to communities that needed it most.

Since 2017, we have substantially increased the reach of our philanthropy, with my husband donating £300 million to the foundation. It's not a pot of money we're looking to distribute over a short time frame as we see the foundation creating long-term benefit for others.

Nonetheless, we recognise that we can only make lasting change through collaboration with others. At the heart of this is cultivating relationships and meaningful connections – something we work hard at across the foundation 'family'.

“Philanthropy is about people, and being concerned enough about the welfare of those who are marginalised and disadvantaged, to help change lives for the good.”

SALLY MORGAN



Image credit: Steve Morgan Foundation/LFC Foundation



OPTIMISING EVERY POUND

When it comes to partnerships working, we also view the foundation as disruptive, which means empowering the charities we work with to ensure every pound is fully optimised.

An example would be our work with cancer care charity Maggie's, in which we are funding the building of three centres in Wirral, Liverpool and North Wales. My husband founded a FTSE 250 housebuilding company and, after looking at the charity's existing model, we realised we could build a new site for a fraction of the typical cost.

By actively working with the charity on the design, we can ensure the centres are cost-effective and offer maximum return on investment.

Maggie's Wirral, at the Steve Morgan Foundation building, opened in July 2021 and is thriving. The centre sees over 18,000 visits every year. The foundation is now in the process of building two more centres.

This style of philanthropy also involves applying the entrepreneurial mindset to our giving that comes from leading successful commercial organisations. Rather than simply writing a cheque, we use sound business principles to conduct rigorous, appropriate due diligence and ask charities to provide us with reports.

LOCAL ROOTS

One project I'm particularly excited about is our work in North Birkenhead, which is one of the UK's most deprived areas. By collaborating with leading education charities, we have established the Cradle to Career programme, which supports families pre-birth, through to post-education and employment.

During our initial research, we were surprised to learn that the area already had one of the largest number of charities and support agencies in the UK. However, none of these agencies were talking to one another.

Through Cradle to Career, we've encouraged local schools to work together, and we consulted with the police to help us understand the real problems in this area. Since the project began, we've seen the reading age of children in the region increase to above the national average, having previously been substantially below the national average¹.

For us, it was important that we didn't just implement the programme's delivery but rather provided the funding that would allow others to take the project forward.

TACKLING DIABETES

Enabling collaboration is also key to our funding for research into type 1 diabetes. As such, we allocated £50 million² on the understanding that charities and researchers in the field would start working together.

The grant is the largest ever award for research into type 1 diabetes in Europe and one of the UK's most substantial donations for any form of medical research. For the first time, the world's leading researchers into type 1 diabetes are joining up to share findings. I am extremely proud that our funding enabled a situation that may have never come about without our support.

THE TRUE VALUE OF PHILANTHROPY

As philanthropists, it gives us great joy to see hard-earned money distributed well. For us, philanthropy is about people, and being concerned enough about the welfare of those who are marginalised and disadvantaged, to help change lives for the good."

¹ Source: Right to Succeed, 'Annual Impact Report', 2022

² Source: Diabetes UK, 'Biggest ever philanthropic gift to diabetes research brings type 1 cure closer', 25 April 2022

Focusing your philanthropy

We examine key factors donors may want to consider as they decide where and how to focus their giving, as well as offering tips on how to get started.

While philanthropic budgets are dwarfed by those of governments, donors have more than money at their disposal.

Philanthropy can support a range of issues, innovate, provide long-term support, incubate ideas and organisations, and de-risk programmes for others.

It can also gather data about areas of need as well as support social movements, and can positively influence the behaviour and policies of individuals, markets and governments. In some cases, philanthropy can be a powerful tool to hold key figures and organisations to account for their actions.

Here, we lay out the various ways you could focus your giving and the implications of different approaches.

DECIDING WHERE AND HOW TO FOCUS

For some, the area of focus may be obvious due to a long-held passion, personal experience or deeply held set of values, or concern about a societal problem. For others, it will involve a complex set of choices.

Effective giving combines a spirit of enquiry with careful consideration of the social, political, economic and environmental factors that underpin the challenges you are seeking to address. It can therefore be useful to do some research and speak to more experienced donors in the early days.

It is also helpful to seek insights from a range of sources as you build a picture of your chosen cause area. This may include expert opinion, academic research and practical knowledge (from donors, as well as – crucially – the experience of communities closest to the issues).

“Effective giving combines a spirit of enquiry with careful consideration of the social, political, economic and environmental factors that underpin the challenges you are seeking to address.”

GETTING STARTED AS AN EARLY DONOR

If you are new to philanthropy, deciding on a focus for your giving will likely be one of your key considerations.

As such, you might want to reflect on the following:

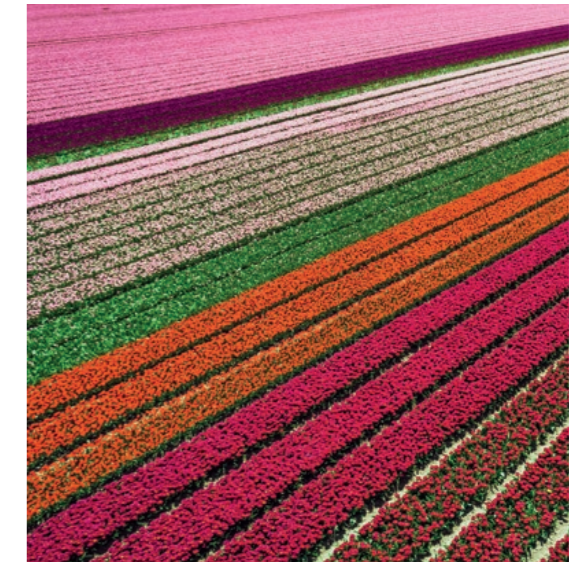
- Focus on discovery, not solving. Consider your blind spots and seek information from a range of sources, including those directly impacted by an issue.
- Make a small cluster of initial gifts that will introduce you to great leaders, the communities you would like to serve and the issues you want to understand.
- Plug into existing networks of experts and/or experienced funders who can share intelligence and insights, and perhaps recommend organisations to support.

If others are already working on an issue, consider whether you can amplify their efforts – this will enable you to leverage their experience, while learning as you go.

As Professor Beth Breeze, Director of the Centre for Philanthropy at the University of Kent, says:

“If you have little or no experience of the non-profit sector, you may also reap significant benefits from visits to see charities in action.”

Remember, however, that asking for meetings to learn from charities is time-consuming for them, and not always mutually beneficial for resource-strapped organisations. Consider paying for their time or making an unrestricted gift.



GOING BEYOND YOUR LIVED EXPERIENCE

"Philanthropists want, and need, more context than their lived experience and what they have seen in the media," offers Professor Breeze. "As anybody who has been to school or university knows, it can be humbling to find out the true extent of what we do not know."

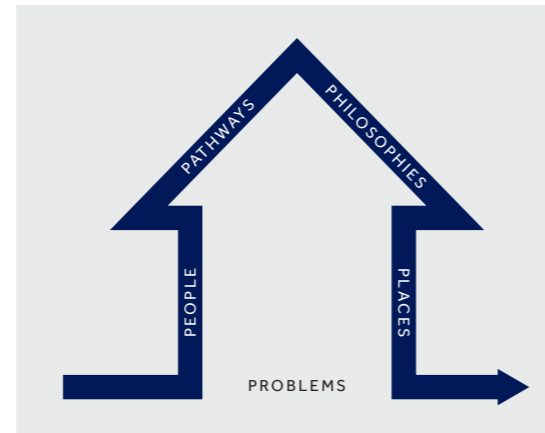
If you need help defining a focus, you could consider these five areas¹:

- **People:** Who are the groups or communities you would like to benefit?
- **Places:** Do you see yourself influencing change locally, nationally or globally?
- **Problems:** Will you focus on big challenges of our time, such as one of the United Nations' Sustainable Development Goals²? Or do you have a discrete issue in mind from which you can broaden your giving?
- **Philosophies:** What beliefs do you hold about how the world works or should work? Can you test your hypothesis? What assumptions might you be making?
- **Pathways:** What approaches do you believe are important? Some examples include the power of technology, education and enterprise.

Taking the time to articulate your evolving perspectives to family, staff members and/or trusted advisers, can also be worthwhile. This process will help you to clarify your story, think through ongoing questions and ensure understanding across your team.

As you set out, remember that you're on a learning journey so you don't need to have all the answers – rather it may be more helpful to keep asking the right questions, even as you develop experience as a donor. As Professor Breeze comments: "Regardless of your experience, the donor journey does not end with a final destination because new needs and different ways of addressing these, will constantly arise."

You might find Chapter 6: 'Cause areas and approaches shaping modern philanthropy' useful for more ideas on where to start.



Source: Barclays Private Bank, October 2023

¹ Source: 'Give Smart: Philanthropy that Gets Results', Thomas Tierney and Joel Fleishman, 2012

² Source: United Nations Sustainable Development Goals, 2015



Sir Vernon Ellis: The transformative power of the arts



Sir Vernon Ellis, Chair of Live Music Now, discusses the causes that have shaped his philanthropy, how these emerged from personal passions, and the 'exponential' joy of giving over time.

I believe that each of us who is fortunate enough to have resources greater than our basic needs should contribute more to society.

We live in a mixed economy in which the state provides many essential public services but in which private enterprise can flourish. This does produce inequalities, of income and opportunity. The state cannot address all deprivation, nor will it be very efficient at finding the optimum allocation of resources. Private philanthropy can find, and support, good causes.

DEFINING A CAUSE AREA

I have been personally involved in two main causes. One is multiple sclerosis (MS) research. I was asked by the MS Society to lead a board to raise £100 million over 10 years¹, which could fund researching cures for this pernicious disease.

And, indeed, we raised £50 million in the first five years. Some of this was on the back of events linked to music – for example, a Barenboim concert at the Festival Hall, which raised over £1 million².

¹ Source: MS Society, 'Stop MS: we launch our biggest fundraising appeal', October, 2019

² Source: MS Society, 'Jacqueline du Pré tribute concerts raise £1 million', December 2017

THE IMPACT OF THE ARTS ON WELLBEING

Music has been a passion throughout my life, and I have chaired the boards of six music organisations. I have been increasingly drawn to the work organisations do in the wider community. My personal giving is now mostly motivated by the impact the arts can have on health, wellbeing, education and the community.

Music can energise, give agency, bring people together, and instil confidence, self-esteem and discipline. I see this constantly through the work of Live Music Now, which I chair and support, in care settings and non-mainstream schools.

“Those who contribute to social causes, get involved and see the results of their efforts, can truly experience the joy of giving.”

SIR VERNON ELLIS

THE JOY OF GIVING

There is real joy in seeing this impact. Many wealthy people find that spending on luxuries has diminishing returns in terms of personal satisfaction and reward. On the other hand, those who contribute to social causes, get involved and see the results of their efforts, can truly experience the joy of giving. Personally, I have found an exponential increase in this joy, the more I have become involved.



Cause areas and approaches shaping modern philanthropy

We examine some key issues, themes and trends driving modern philanthropy and how many funders are working together to address these.

Philanthropists can face a daunting task when deciding which cause areas to support. This can be particularly challenging for those who feel passionately about multiple issues.

Here, we explore some common themes in philanthropy and the different approaches to giving, which have been adopted by various communities of donors. These may provide inspiration for donors as they continue to think through how to focus their giving.



THEMES FOR GIVING

One way to focus your giving is to identify a theme or problem area.

Some broad themes include:

- Health
- Education
- Human rights
- Environment/climate
- Arts and heritage
- Medical research
- Poverty
- Elderly care.

The UN's 17 Sustainable Development Goals (SDGs) are also popular themes for funding. Established in 2015, and intended to be achieved by 2030, the SDGs provide a 'blueprint' for peace and prosperity in the world¹. They have been created with input from experts, practitioners and activists, using a rigorous global process.

By aligning your giving with the SDGs, you fund alongside other donors and governments, and in doing so help address some of the world's most pressing challenges.

UNDERFUNDED AND SUSTAINABLE DEVELOPMENT GOALS¹



¹Source: United Nations Sustainable Development Goals, 2015

UNDERFUNDED AND NEGLECTED CAUSES

Another way to focus your giving could be to identify neglected areas.

Paying attention to causes that appear overlooked or underfunded may provide an opportunity to add unique value. You may identify these as you begin to research your interest areas and speak to other funders or organisations working in these fields.

LEARNING FROM OTHER FUNDERS

Existing communities of philanthropists can be a useful source of guidance, information and partnership. Some such communities even provide ideas for funding and can manage giving on your behalf.



We provide three varied examples of such approaches below.

Effective altruism

Effective altruism, often known as EA, is both a research field and a community of donors who emphasise the use of data and algorithms to identify large-scale global issues.

Examples of projects include the distribution of 200 million malaria nets, pandemic planning initiatives and academic research into artificial intelligence². The effective altruism approach may appeal to donors who are particularly motivated by rational thinking. However, some critics argue that effective altruism could potentially oversimplify complex issues or encourage shorter-term thinking. Others believe this approach may promote the funding of more easily measurable parts of a problem to the detriment of other equally worthy causes.

Collective impact

Collective impact is an approach that brings stakeholders together, sometimes from various sectors, to address specific challenges. These stakeholders may include charities, businesses, philanthropists and governments. Many of these groups exist around certain themes, such as the environment or women and girls.

Joining forces could help donors to identify opportunities and gaps in funding, as well as to better understand the issues they seek to solve so they can leverage their resources strategically.

It should be noted that collaboration requires compromise and relationships take time to build. For many donors, however, the sense of companionship, pooling of resources and joy of shared achievement is worth the additional effort.

Community foundations

Community foundations are charitable entities that support a specific geographical area by fundraising for, and granting to, local organisations. They serve as a useful bridge between philanthropists and those working on the ground, addressing a range of needs including education, healthcare, arts and social services.

These entities could help to identify organisations that philanthropists may otherwise have never come across, while saving time on complex due diligence.

COORDINATION OVER COMPETITION

With so many charities or foundations working in certain cause areas, it can mean that organisations find themselves duplicating efforts or competing over limited resources.

One of the most effective ways to make an impact could be to consider how your efforts can benefit the broader sector, rather than individual charities or projects in isolation. You could, for example, give funding for organisations to pool resources and share learnings. Another option is to provide funding for better impact measurement or for advocacy and communications, which will help build a strong case for unlocking more funding or changing key policies.

² Source: Effective Altruism, February 2024

ADVANCED CONCEPTS IN MODERN PHILANTHROPY

If you're seeking transformative change, or as you begin to navigate real-world challenges, you may find yourself increasingly aware of the complexity of many societal problems. The reality is that many of the challenges that philanthropy seeks to address can only be solved in coordination with other sectors and by taking a big picture view. This requires a shift in mindset, from being a funder of individual projects or organisations, to understanding and participating in an ambitious programme of social change.

In this section, we look at some advanced concepts for ambitious donors.

Tackling interconnected issues

One potential difficulty when organising giving into themes is that it can create hard borders between issues. An example is funding health projects separately from education projects, without considering how health impacts a child's ability to learn and attend school. There may, for example, be cultural factors in certain regions to consider, such as an expectation that girls stay home during menstruation.

Ultimately, philanthropists can organise their giving beyond singular themes if it may provide opportunities for more meaningful change. A good starting point is to ensure you are well informed about the root causes of the issues you would like to help address. This way, you can understand whether a more open approach would help.

Framing issues

Some donors choose to frame their giving through a lens. A lens is a priority issue that the donor has decided to address, often alongside others, after a period of research. A lens can help donors to view an issue across themes and sectors comprehensively.

Lenses allow donors to look critically at themselves, their operating models and approach, as well as the organisations they seek to fund and the wider issues at play. A donor may select organisations most aligned to their lens or seek to help organisations (or whole sectors) build better practices over time.

Examples of lenses include:

- **Gender equity:** Acknowledges that dominant cultural and historical attitudes, conceptions and behaviours have fuelled inequitable outcomes for women and girls.
- **Climate:** Recognises a complex interplay between climate change and issues such as economic activity, access to health, clean air and water, education, housing, food systems, democracy, indigenous knowledge and justice, and migration.
- **Restorative/reparative:** Acknowledges that wealth may have derived from immoral or extractive practices and prioritises redistribution of power (including decision-making in philanthropy) and resources.
- **Social and racial justice:** Focuses on addressing the factors that perpetuate injustices, and shifting power to oppressed groups. As well as providing funding and resources, this approach can directly challenge the status quo.

“ To see and believe in our power, our agency [...] is to acknowledge the inherent worth and potential and power of every one of us to contribute what we uniquely have to offer, just as all lifeforms in an ecosystem have a vital role to play. To accept that all of us are smarter than any one of us. To trust ourselves and each other.³ ”



Systems change

As we have seen, many challenges philanthropy seeks to address (such as poverty, the climate crisis and violence against women) affect whole cultures and societies – and thus involve multiple dimensions.

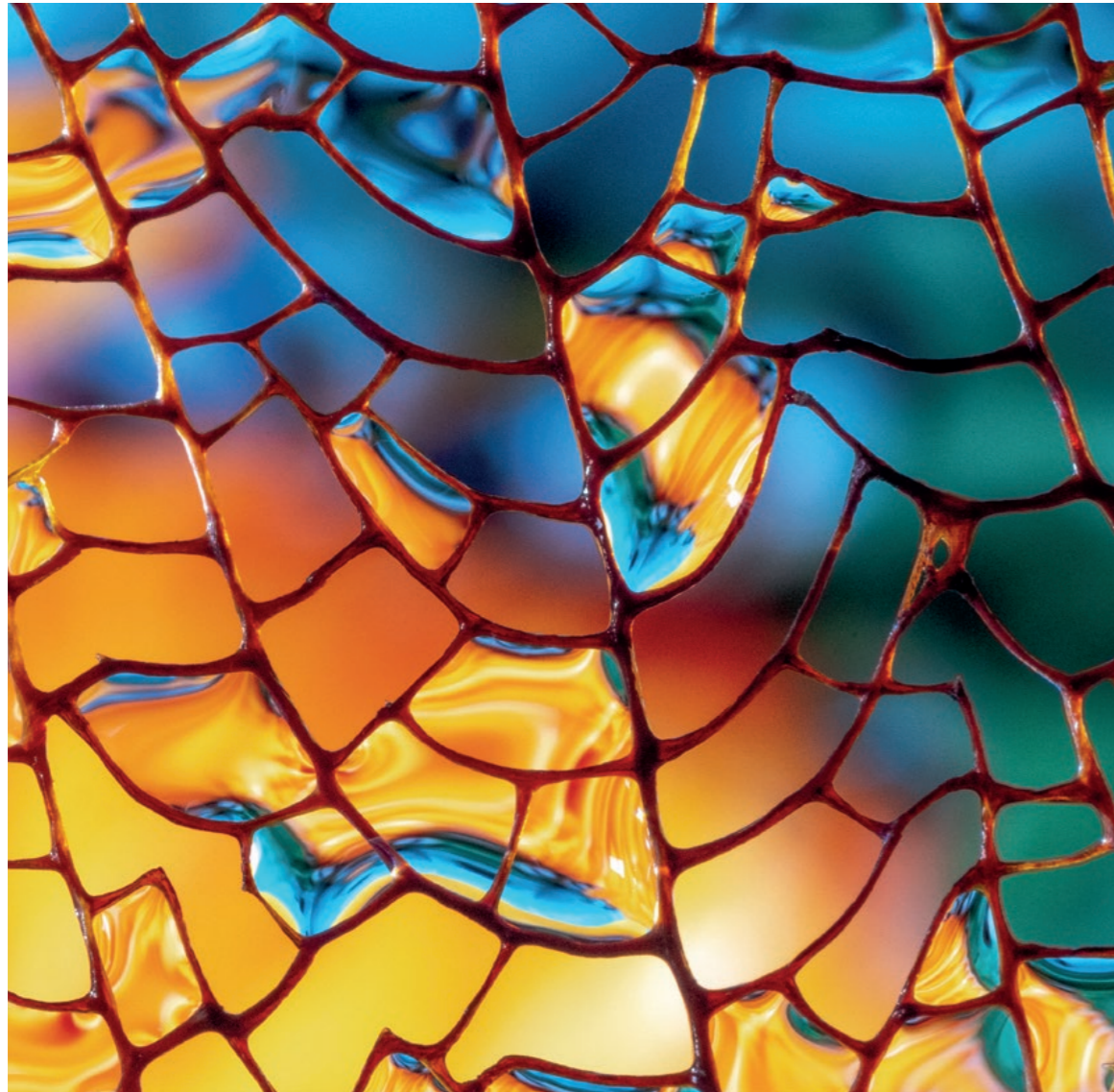
As you build a picture of your chosen problem area(s), you may begin to see how influencing the wider system surrounding the issues could be key to lasting change. Systems can include beliefs, values, power structures, resources, institutions, laws and policies.

Changing systems can be the hardest, but arguably the most important, work for philanthropists. However, systems evolve over a long period of time, in response to actions from many participants. It can also be difficult to predict how a system might change or be influenced at any given moment.

As such, donors need to be more open to risk, more flexible, more aware of potentially long-time horizons and more intent on collaboration.

If interested in systems change, it may be useful to recognise that a philanthropist's job may not be to change the system directly, but to help create the conditions for change, enabling opportunities for partners (be they charities, government agencies or other organisations) to learn from each other and chart their own paths. The quality of your relationships will be as important as what you bring to the table when it comes to actually influencing change.

³ Source: 'Citizens: Why the Key to Fixing Everything is All of Us', Jon Alexander and Ariane Conrad, March 2022



PUTTING THIS INTO PRACTICE

Although these more advanced concepts can take time and research to understand, it is important to be aware of them if you would like to contribute to lasting change. While it is not possible to delve into detail within this Guide, ample resources and examples are available if you would like to learn more.

A solid starting point is to undertake a thorough analysis of the issues you are interested to tackle, identifying key players in the field and ensuring you understand the root causes. See Chapter 9: 'Creating a philanthropy strategy' to find out more about how to conduct a landscape analysis.

If any of the above concepts appeal to you, we suggest you also find a community of social purpose organisations and donors who are already practising these approaches in a field that is of interest to you. What can you learn from them?

THE CONCEPT OF INTERSECTIONALITY

When exploring how different issues affect communities, donors may find it useful to consider the concept of intersectionality. This recognises that every individual has multiple identities that may combine and contribute to a person's experiences of discrimination. Examples include gender, sexuality, race, disability and class.

The most vulnerable communities and individuals are often exposed to harsher realities during times of crisis. Understanding this may allow you to create a more informed giving strategy.

Accountability, equity and inclusion in philanthropy

Understanding the case for two-way accountability and bringing the right people to the table can be vital for donors.

While philanthropists have the privilege to drive positive change, this position also carries immense responsibility.

It's therefore important that donors hold themselves to high standards. Often, this involves self-reflection, asking difficult questions and being willing to listen to the perspectives of others.

However challenging this may be, it is important work – particularly if you seek to collaborate with others to create meaningful and lasting social change.



ACCOUNTABILITY AND DEMONSTRATING A BENEFIT FOR SOCIETY

A frequent challenge to philanthropy is that it lacks accountability and transparency, and places disproportionate influence in the hands of a few wealthy individuals. In recent years, however, there has been a shift towards more open practices. These are seen as particularly important within a democratic society.

In many jurisdictions, individuals or foundations receive tax incentives for their philanthropy. This creates an explicit or implicit obligation to prove that they are providing a benefit to society.

There is also an opportunity to go beyond basic requirements to show how philanthropy meets the needs of those it serves. Even without tax incentives, many societies expect some level of information to be available to the public. Examples of the information philanthropists may be expected to share include (but are not limited to) context on decision-making and information on hiring.

THE BENEFITS OF TRANSPARENCY

More open philanthropy has many benefits, including increased data on where philanthropic funds are directed, and enabling others to take more informed approaches. For some, however, the desire for privacy may override external calls for public disclosure, leading them to communicate very little with the outside world.

There are no simple answers when deciding how open you should be with your giving. However, you may wish to consider the following:

- Which groups and communities are affected by your decisions? To what extent might greater accountability help you to build trust with these individuals and be guided by their perspectives?
- Could other organisations pursuing similar goals benefit from additional transparency on your part? For example, could you share lessons learned or information about your giving, to help coordinate funding to the areas that need it most?
- Could greater openness help you achieve your goals more efficiently? For example, could being clear about your intentions, including what you will and will not fund (and why), improve the relevance of the funding requests you receive and reduce the time (cost) burden on applicants?
- Are you willing to invite constructive challenge from others with experience in your chosen field? What might be the cost of not holding yourself to account in this manner?

ASKING QUESTIONS ABOUT EQUITY

Many of us are familiar with the term 'equality', which is about ensuring individuals across society have access to the same opportunities. The term 'equity' recognises that all individuals start from different places. What it will take to create equality is, therefore, different.

Given the privileged access that donors have to opportunities and resources, many feel that it is imperative that philanthropy works towards greater social equity.

If you are interested in this issue, consider these practices:

- Become aware. Acknowledge your privileges and power, and consider whether your actions may have (inadvertently) reinforced social inequities.
- Learn from organisations that are doing their part to advance social equity and that work to address root causes, not just symptoms.
- Be willing to support smaller, community-based organisations beyond your immediate network.
- Take small steps and assume an open, learning mindset.

See Chapter 10: 'How donors can turn plans into action' for more on power dynamics in philanthropy.

A BROAD MIX OF PERSPECTIVES

Diversity and inclusion are the practices of providing opportunities for a broad mix of people and including a range of perspectives, ideas and experiences in philanthropic decision-making. Consciously celebrating difference and appreciating respectful challenge can inform ideas, build trust and help to develop comprehensive insights, grounded in real-world experience.

This really matters in philanthropy.

Taking this approach can help to ensure sound giving choices, relevance of solutions, and the avoidance of blind spots. These can occur when people making decisions are removed from the reality of those affected by them.

“Consciously celebrating difference and appreciating respectful challenge can help develop comprehensive insights, grounded in real-world experience.”

Some questions to consider include:

- How well do you really know the communities you serve, and their needs?
- Whose voices are at the decision-making table?
- How do you recognise and value differences of opinion, experience and perspective?
- Do the people around you feel safe to share their views? How may unequal power dynamics have affected the relationships you've built?

Soliciting a diverse range of perspectives may seem time-consuming. However, this needs to be weighed against the potential cost of missing a vital piece of the puzzle. When you gather information thoughtfully, with respect and an open mind, your decisions often gain wider buy-in. Such buy-in may be essential to achieving your goals.

As accountability, equity and inclusion are extremely complex topics, it would not be possible to cover them in great detail within this Guide. However, other valuable resources and examples are available if you would like to learn more.



Lily Lewis: Putting accountability at the heart of philanthropy



Lily Lewis, founder and Managing Director of grant-giving organisation The Poces Initiative, discusses her efforts to embed accountability into her philanthropy. She is a trained psychotherapist and much of her work focuses on addiction and youth violence.

Holding myself accountable and constantly questioning my privilege are the most effective ways that I can have an impact with my grant-making.

By following these five rules, I believe I can help bring the right people to the decision-making table.

1. Find unlikely advisers/board members with diverse perspectives

The best advisers I have found are community leaders, policy changers and researchers. Find that brilliant, unlikely person who has lived experience of the issue you want to address.

Ask them to recommend what you should be funding and who else you should be meeting. If these people aren't pointing out your bad practices, you aren't getting opportunities to do better.

2. Pay people for their time

Asking someone for a meeting to learn from them may feel well-meaning. However, it's not mutually beneficial, unless you end up funding them. This leads to burnout for talented people. As philanthropists, we have the power to raise the bar with how we respect and care for people's time.

3. Redefine fulfilment

Often, the areas we seek to fund are linked to personal experience. We unconsciously look for the approval of advisers/charities to validate our ideas.

Contributing to sustainable change doesn't always feel fulfilling. It often means giving unrestricted grants and stepping back. You don't usually 'see' returns within the first few years. Work hard to let your grantees know you're here to stay.

4. Build an accountability community

Learning about the complexity of the areas you seek to change can be draining. Creating accountability check-ins with other philanthropists can help ensure you are doing the things you set out to do.

The most meaningful spaces I have found are those where I have been able to reflect on my relationship with privilege and power. The more time I put into this journey, the better placed I am to make decisions on how to use my position.

The most underfunded issue is structural and systematic racism. Black people and people of colour, especially women, disabled people and trans people, are most at risk of experiencing disadvantage and poverty. The statistics speak for themselves¹.

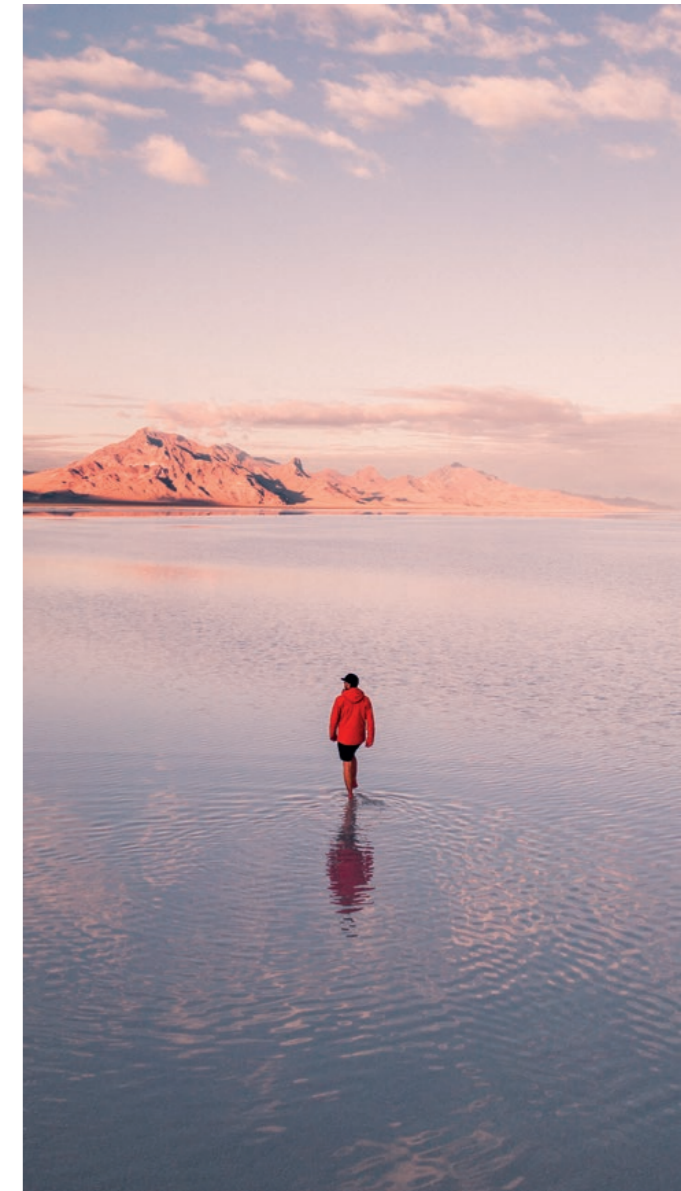
As a funder (who is also white), I must work through a racial justice lens if I want to have the biggest impact. At least 80% of my charity partners have a majority non-white leadership team.

5. Set an amount you will give away per year and stick to it

You will make mistakes and partnerships won't work out. The more time, however, you invest in your own learning, the more impactful your support and grants will be. Good practice takes time and messiness.

“ Find that brilliant, unlikely person who has lived experience of the issue you want to address. ”

LILY LEWIS



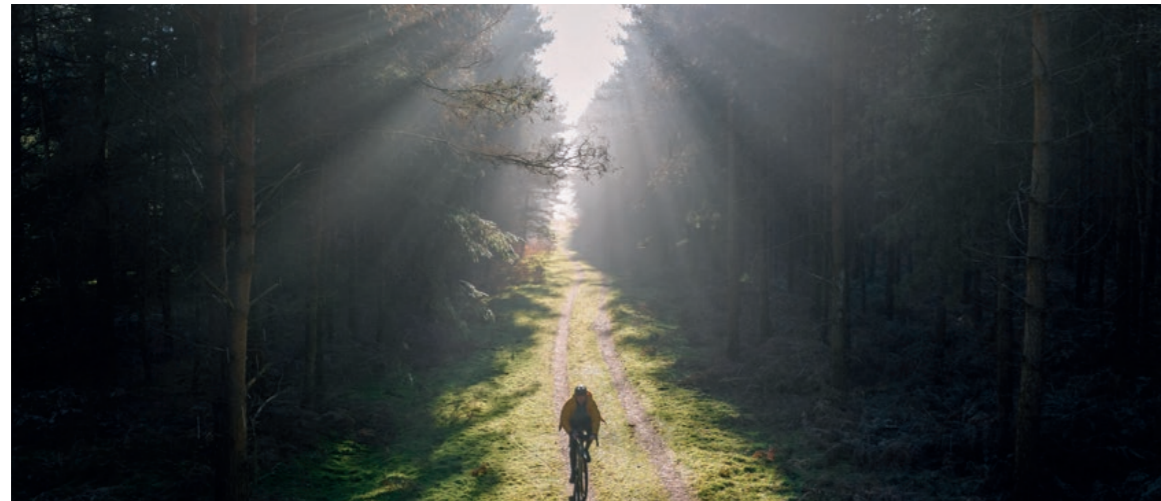
¹ Source: Child Poverty Action Group, 'Who is at Risk of Poverty?', August 2023

Six choices and potential trade-offs in philanthropy

There is no single 'right way' to do philanthropy effectively, but donors often need to weigh a range of factors when creating an effective giving strategy.

The work of philanthropy often involves making difficult choices from a multitude of potential options.

Here, we outline some common choices and potential trade-offs, as well as the pros and cons you may need to consider.

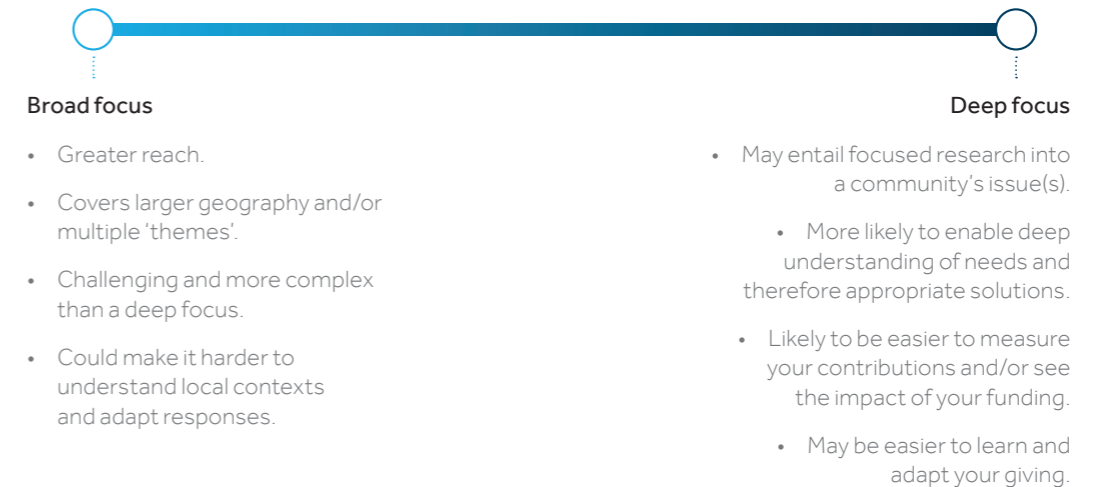


BROAD OR DEEP FOCUS?

When you're deciding on cause areas to support, one of the most important considerations is often whether you would prefer to focus on singular issues or locations, or to address multiple (perhaps interconnected) issues across different locations.

Reflecting on your preferred approach at an early stage can help you make important decisions about your giving and will clearly be affected by the resources you wish to bring. For example, this choice could inform your level of funding, research and time commitment, or whether you visit the communities you wish to support in person.

Either way, a solid starting point would be to do some analysis of the issue(s) you're interested in. See Chapter 5: 'Focusing your philanthropy' for further ideas.

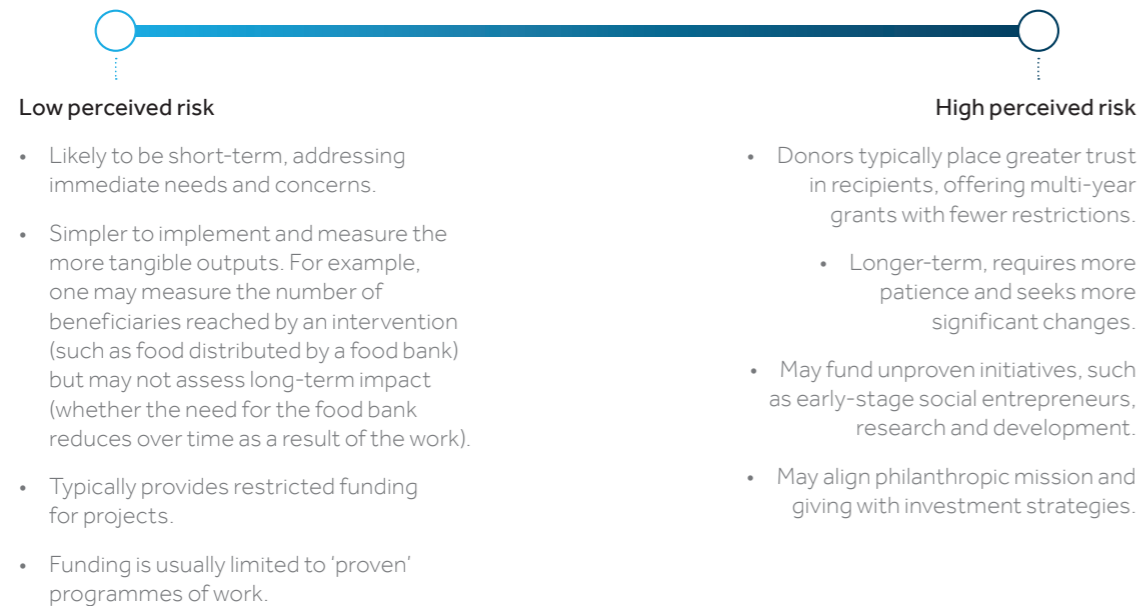


LOW-RISK OR HIGH-RISK GIVING?

Risk is a big topic in philanthropy. One of the major criticisms of philanthropic giving is that it is often too risk averse, even though it is well-suited to taking on risk. For example, this could include funding research, experimenting with different models of giving, and funding over a longer time frame to address complex issues (such as climate change or poverty reduction).

Many donors initially gravitate towards the low risk end. Trustees and legal advisers, in particular, may worry about jeopardising their foundation's assets or reputation. While these are genuine concerns, it would be helpful to balance this against what may be lost by not being more ambitious.

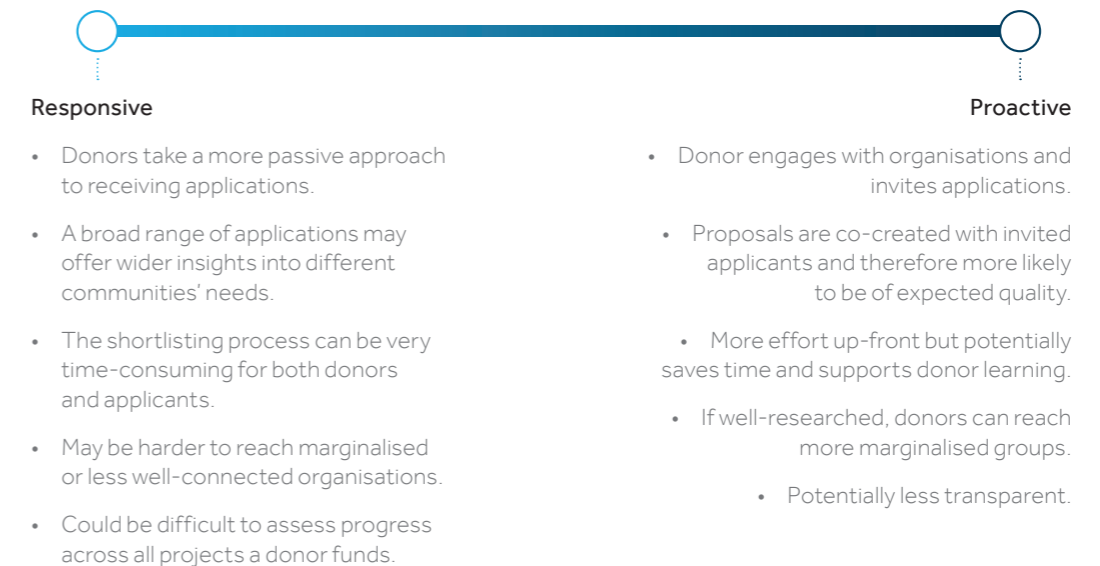
As a middle ground, some donors adopt a 'portfolio' or hybrid approach – for example, funding research or systems change work alongside more focused programmes. You could also fund proven work, such as supporting a hospital or school but offer greater flexibility (unrestricted funding) to help charities plan long term, use the funds as they need, and adapt as situations evolve.



RESPONSIVE OR PROACTIVE GIVING?

Considering how proactive you would like to be in sourcing your grantees is another important consideration. This typically involves deciding whether to respond to unsolicited funding requests or actively seek opportunities yourself.

Whatever approach you take, it is good practice to be open about what you will and will not fund, as well as your particular philosophy and interests. This will save both sides time and effort, and can be adjusted as priorities evolve. It is also wise to consider who you involve in helping you to assess and identify the right organisations to support.



MANAGE YOUR OWN GIVING, HIRE A TEAM OR OUTSOURCE?

Some individuals will be clear from the start that they want their philanthropy to be a personal or family endeavour. Conversely, others may outsource the management of their giving to professionals with appropriate skills and experience.

It is, of course, possible to achieve a blend of both – using external advisers, consultants and/or professional team members to complement personal giving. External involvement on the board and in teams may also bring greater credibility.

GIVE IT TO OTHERS: THE WARREN BUFFETT MODEL

Rather than establish his own foundation, Warren Buffett has poured his charitable money into foundations run by others, notably the Bill & Melinda Gates Foundation¹. In doing so, he sought to place his trust in others with similar values and avoid duplication of effort. Buffett is well-known for his philanthropy, so while he has relinquished control, he has not sacrificed impact or recognition.

GIVE NOW OR OVER A LONGER TIME FRAME?



Give now

- Addresses urgent needs quickly (for example, conflict and natural disasters).
- Provides immediate donor satisfaction.
- Donors can start learning by doing.
- Donors wishing to address complex issues need to accelerate learning by joining existing communities of experienced donors and/or seeking expert support.

Give over a longer time frame

- Allows careful strategy development and refinement.
- More opportunity for involving family, as well as sharing values and purpose over time.
- Allows donors to bring their life experience to giving.
- Enables giving beyond one's lifetime to build family legacy.

Deciding how much you will give, and when, are important considerations. Some donors are clear that they wish their philanthropy to continue in perpetuity as part of their legacy. Others, however, prefer a more time-limited approach as they seek more ambitious change in their lifetimes.

Factors such as the problems you wish to focus on, their complexity, your risk appetite and your family's level of involvement may inform the time frame of your giving. It's also important to consider lifestyle and financial planning needs.

Bear in mind, these do not need to be binary decisions. One approach may be to start giving and learn from these early gifts, while making longer-term commitments in parallel.



Manage your own giving

- Reduces costs (but increases time commitment).
- Offers more control.
- Enables learning over time.
- May be overwhelming.
- Giving as a family can be challenging without external support.

Hire your own team

- Reduces personal time commitment.
- Experts' skills could help create robust strategies and procedures.
- Builds in-house knowledge that is retained for the future.
- Increases cost (but reduces likelihood of mistakes).

Outsource to others

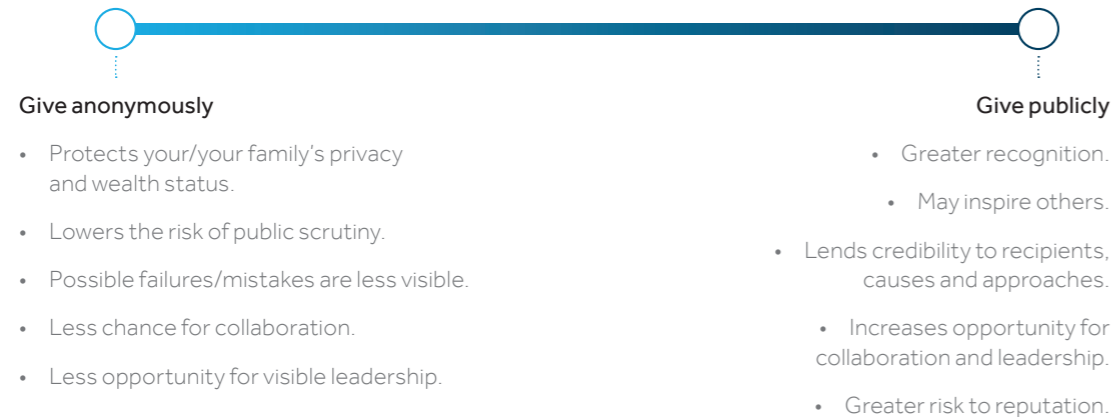
- Reduces time commitment and cost.
- Enables learning.
- Relinquishes control and responsibility.
- Reduces duplication.
- Potentially scales impact.

¹ Source: Bill & Melinda Gates Foundation, February 2024

GIVE ANONYMOUSLY OR PUBLICLY?

Whether you would like details of your philanthropy to be widely known is one of the most personal decisions a donor needs to make. Although there are no hard-and-fast rules about how public you should be, there are both personal and strategic implications to consider.

If a donor establishes a charitable foundation, their giving is unlikely to remain entirely private, although this depends on jurisdiction. In the UK, for example, all registered charities are listed on a public register with accounts available online. If anonymity is important to you, a donor-advised fund may be worth considering. See Chapter 3: 'Structuring your giving' for further information.



The choices you need to make in your philanthropy will, of course, depend on your personal circumstances and chosen cause area(s).

And while there is no single right way to give, taking time to carefully explore any potential trade-offs could greatly increase your likelihood of making an impact.



Creating a philanthropy strategy

Explore the steps donors could take to transform their initial aspirations into a long-term plan for positive change, and how this may evolve over time.



Effective philanthropy is not wishful thinking with money, nor is it an act of simply writing cheques. It is about the thoughtful creation of something that adds value to the world through your time, effort, skill, money and/or connections.

For those fortunate to find their passion in giving, this may be a lifelong pursuit. Successes, failures, learning and personal growth are all an important part of the journey.

As Professor Beth Breeze, Director of the Centre for Philanthropy at the University of Kent, says: "Philanthropy is forever a work in progress. Not even the most accomplished philanthropist starts their giving fully confident of their ultimate goals and how to accomplish these."

Creating a strategy can help you to clarify your path and remain accountable for your progress. As we have set out in Chapter 2: 'Motivations for giving', a first step is often to consider your values, aspirations and intentions.

You can then move through a period of research and reflection to identify cause areas and the changes you wish to make through your philanthropy. How you will go about contributing to this change will be your giving strategy.

UNDERSTANDING THE LANDSCAPE

One of the most useful starting points is to take the time to understand the problems you would like to address. A landscape analysis enables you to map out answers to key questions, including:

- Who is working on your chosen issue?
- What evidence exists (or needs to be developed) to identify the scale and scope of the problem?
- What are the root causes?
- What interventions have been tried, and what has (or has not) worked?
- Where are the gaps and opportunity areas?
- Who else can you learn from or with?

By following this process, you are less likely to duplicate efforts or waste your or others' time and energy.

You can undertake a landscape analysis by:

- Conducting desk research to map what is already funded. You might consult reports, articles and data sources, such as (but not limited to) 360Giving, Publish What You Fund and the OECD's Private Philanthropy for Development.

- Speaking to a range of organisations addressing the issue(s) and, if possible, communities affected. You may even consider making a handful of smaller grants to experienced organisations to help you build knowledge and relationships.
- Consulting other funders with expertise in your chosen cause. There may, for example, be funders' groups or local community foundations that are sharing intelligence around particular themes.
- Some donors commission consultants or hire experts to help with their analysis. This may be useful if you are certain of the area you wish to support, have limited time, would like to start work in the near future and/or expect your giving to be very public.

In the case study at the end of this chapter, Myrna Atalla, Executive Director of venture philanthropy organisation Alfanar, explains how understanding the landscape is not simply an exercise that philanthropists need to undertake as a one-off. It is instead an imperative that every donor should commit to if they want to develop a relevant, impactful and responsive strategy.



WRITING YOUR GIVING STRATEGY

Once you are clear on your values, resources you can contribute, interests and the needs in your chosen areas, you can begin to determine your strategy. Before you do so, it's worth considering your intended audience. Will this be solely for use within your foundation or family? Or will you make it more public, so that potential partners and/or recipients can understand your approach and intentions?

Either way, documenting your giving strategy can be a useful exercise. Not only will it allow you to record the work you have put into your decisions, but it will also give you a starting point from which to measure progress and allow you to align any other financial plans.

“Philanthropy is forever a work in progress. Not even the most accomplished philanthropist starts their giving fully confident of their ultimate goals and how to accomplish these.”

**PROFESSOR BETH BREEZE,
DIRECTOR OF THE CENTRE FOR PHILANTHROPY,
UNIVERSITY OF KENT**

At the very least, you might set out the following:

- Your motivations for giving, your values and beliefs.
- What are your focus areas? Consider the themes and geographies for your giving.
- Who will you give to? What communities, what types of organisations?
- What resources can you donate beyond money? Consider your time, skills and connections.
- How will you contribute funding? Will you give multi-year donations, or will they be a one-off? Are you interested in social investing, which considers both financial return and social purpose?
- Will you work alongside family? Do you intend to do the work yourself, or will you need help to manage your giving?
- How will decisions be made? Some families articulate who will be involved in great detail and draw up a family charter. In other cases, family dynamics are less relevant but organising a clear decision-making approach helps to demonstrate a thoughtful process.
- Are you open to collaborating with other funders? How can you ensure you are exposed to the right expertise, intelligence and lived experience?
- What impact do you hope to contribute to, and over what time period?
- How will you measure progress and be accountable to yourself and others?

A DYNAMIC, EVOLVING APPROACH

It's worth not getting too hung up on creating a 'perfect' strategy. Whilst it should ideally be well-informed, remember that a strategy is dynamic. It can, and should, evolve as you gain new experience and insight, or indeed as the context in which you're working changes.

You can maintain a degree of flexibility by allocating portions of your giving to different 'pots'. For example, you may decide that 70% of your giving goes towards your main strategic goals, whilst the remaining 30% can be allocated to unplanned requests or commitments to more personal charitable interests.

You may wish to read Chapter 11: 'Measuring the impact of your giving' for information on developing a Theory of Change for your strategy, and how to think about monitoring your progress.

IMPLEMENTING YOUR PLAN

Once a strategy is in place, the next challenge is the question of how to bring it to life. Our Chapter 10: 'How donors can turn plans into action' touches on three of the key technical areas – identifying organisations to support, using power wisely and collaborative giving.



Myrna Atalla: Adapting to the needs of beneficiaries



Myrna Atalla, Executive Director of Alfano, a venture philanthropy organisation working in the Middle East and North Africa, discusses her efforts to understand the evolving needs of the social enterprises and communities that she supports.

Established in 2004, Alfano (meaning 'beacon' in Arabic) is the oldest venture philanthropy organisation focused on the Arab region. We differ from traditional philanthropic institutions by supporting social enterprises not only to grow their impact for vulnerable women and children, but also to become financially sustainable through the development of self-generated revenue, namely the sale of goods and services.

We were born out of a frustration with the level of donor dependency hampering the growth of social purpose organisations in the region. This situation often made these enterprises more accountable to the donors funding them than the communities they serve.

“ Understanding the landscape is not simply an exercise that philanthropists need to undertake during annual reviews. Every philanthropic organisation should continually engage with stakeholders, assess evolving needs and update their knowledge in order to provide impactful, responsive support. ”

MYRNA ATALLA

SUPPORTING WOMEN, YOUNG PEOPLE AND CHILDREN

When we started Alfano, we were motivated by a mission to help women, young people and children access high-quality education and dignified employment.

As time went on, we realised that funding alone could not encourage the growth and financial sustainability of the social enterprises we supported. We also learned that these organisations struggled to report on their impact.

In response, we created a training and mentorship programme to complement the funding provided while shepherding social enterprises through growth. In addition, we developed an app-based impact management and financial sustainability tracking tool. This helps social enterprises visualise progress and make evidence-based management decisions.

REFLECTING THE CHANGING LANDSCAPE

As the social enterprise ecosystem evolved, we adjusted our approach and began providing what few others in the region do: multi-year, patient and flexible funding. As our investees' cashflow improves, we can offer interest-free loans to encourage discipline and self-reliance.

We also became aware of the need to help social enterprises to scale. As a result, we are working to launch the region's first impact investment fund. The objective is to grow the pool of impact-driven investors committed to helping businesses generate measurable social or environmental impact, while also increasing their revenue and delivering financial returns to investors.

PHILANTHROPY IN A CRISIS

In August 2020, an explosion in Beirut's port killed at least 218 people, injured 7,000 and displaced hundreds of thousands¹. We hit a pivotal moment. Did we remain in the sustainable development space? Or did we find a way to respond to the humanitarian catastrophe?

We launched an Emergency Lebanon Appeal to enable our social enterprises to provide food boxes, as well as hot and vacuum-sealed meals. Additionally, we provided emergency aid to social enterprises that had been impacted by the blast. Finally, we supported a social enterprise, which trains disadvantaged young people to work professionally in the construction industry. Thanks to these joint efforts, we helped to rebuild 70 schools and small businesses that had been destroyed.

Our assessment of the landscape helped us support those affected by the catastrophe, while also remaining focused on our mission to foster the sustainable growth of social enterprises.

In the years that have followed, COVID-19, economic crises and war proved that understanding the landscape is not simply an exercise that philanthropists need to undertake during annual reviews. Every philanthropic organisation should continually engage with stakeholders, assess evolving needs and update their knowledge in order to provide impactful, responsive support.

¹ Source: BBC, 'Beirut port explosion investigation suspended for second time', 27 September 2021

How donors can turn plans into action

From due diligence to collaboration, we examine some of the key operational aspects of philanthropy.

When it comes to philanthropy, *how* you give is as important as *what* you give.

The approach you take will depend on a variety of factors, including how hands-on you would like to be, how much time you have and how focused you wish to be in finding causes to support.

Here, we turn to some of the most important operational aspects of giving well: finding and assessing organisations to support, funding in a way that empowers, and collaborating with others.



FINDING ORGANISATIONS TO SUPPORT

Most donors choose to donate (or grant) to existing organisations that are operating in their field of interest. Their most significant challenge is often how to select high-quality recipients.

It is likely that you will find organisations through an open-application process, independent research (either conducted by yourself or with the help of staff or specialist consultants) or recommendations from other donors. Alternatively, it may be a combination of these.

See Chapter 8: 'Six choices and potential trade-offs in philanthropy' for some of the pros and cons of different approaches.

APPROPRIATE DUE DILIGENCE

Conducting due diligence when selecting organisations to fund is extremely important. It can make sure that precious resources are used effectively and for their intended purpose. It's worth noting that there has been a move in recent years towards a more trusting approach to giving in which accountability goes both ways.

Consider the following:

- Ensure that the level of due diligence is appropriate to the size and scope of the potential gift. It may be unnecessary to create onerous hurdles if the gift*/donation will be relatively small.
- Try to use publicly available information to gather what you need before asking the organisation. Such requests can be a drain on time and divert resources from vital frontline work.
- Beware the pitfall of focusing on operational expenditure (commonly called 'admin costs' or 'overheads'), which is often not a helpful measure of effectiveness. Having a nuanced understanding of the stage of the organisation, the type and complexity of its work and its goals can be a more useful guide to assessing ratios.
- Consider consulting others who have conducted their own assessments, getting references from experienced funders, reviewing paperwork submitted to the charity's regulatory body or working through an intermediary with existing knowledge and relationships.
- Some donors outsource due diligence to consultants with relevant expertise, which could potentially save considerable time and widen a donor's network.

*The definition of a small or large gift is relative – it will depend on the size of the organisation and scope or complexity of the work in question.



DUE DILIGENCE: WHAT TO WATCH OUT FOR

As you consider due diligence, it may be helpful to break your thinking down into the following key areas (but again, use common sense about the level of due diligence that is proportionate to the intended size of your gift):

- **Strategy:** How well thought-through is the organisation's strategy? Are its goals clear and ambitious but also realistic? Do they align with your goals? Is the organisation using robust evidence to support the case for need (or attempting to build evidence)? Is it seeking to solve an issue or solely to address symptoms?
- **Impact:** What change is the organisation achieving through its work and how does it track this? For a newer entity, what change does it want to achieve and how does it plan to measure this?
- **Leadership and governance:** What is the capability and track record of the organisation's leadership? Do staff and board members have the necessary skills? Is there adequate diversity and representation from those impacted by the issues?
- **Learning:** How does the organisation ensure progress is made, and that lessons learned are successfully applied? Are staff and board members regularly updating their skills and open to feedback?

- **Financial management:** Is the organisation compliant with regulations? Are robust measures in place to ensure proper financial management and reporting? Does it have a balanced approach to income generation and a plan to work towards financial sustainability?
- **Community engagement:** Are those closest to the issues involved in decision-making, and informing the organisation's strategy?
- **Collaboration:** Does the organisation collaborate with others? Is it willing to share learnings?

When due diligence is carried out effectively, you can typically trust the organisation to take the lead on what it needs from you.

“Effective collaboration requires the humility to recognise the limits of any one donor's philanthropic impact, and to put the goals of the collective and its intended partners ahead of one's own.”

POWER DYNAMICS IN PHILANTHROPY

Getting things done in philanthropy relies on relationships. Unequal power can very quickly affect relationship dynamics, potentially derailing even the best strategies and intentions.

“Money is power, but what right do donors have to exercise that power? Working closely with recipients helps donors to understand the cause and how they are making a contribution,” says Professor Beth Breeze, Director of the Centre for Philanthropy at the University of Kent.

“However, this is very different from philanthropists expecting – or, worse, demanding – control of a project because they have handed over a cheque.”

“It is important to bear in mind that potential recipients have few options to express that an idea is unwelcome, if well-intentioned. An example is when donors take it upon themselves to build a hospital or library that a community may not need.”

Awareness is key. Without it:

- Donors may not recognise the limits of their knowledge and may not make informed choices.
- Donors may make unfair or costly demands of others.
- Recipients may not speak openly, reducing the likelihood of donors learning the facts.

ADDRESSING IMBALANCES

That said, power is not inherently bad. It can be a valuable tool if philanthropists use it to redress imbalances. This can be done in a few simple ways:

- Recognise the limits of your knowledge from the outset.
- Involve those with lived experience in making decisions. You could do this through paid advisers, staff members and trustees with lived experience, or through funding and learning from community organisations.
- Consider offering unrestricted funding to give recipients choice over how donations are spent.
- Allow recipients to provide anonymous feedback – and respond to it.
- Avoid costly demands such as rigid application and reporting requirements where possible, and ensure these are proportionate to the size of the gift.
- Use your voice and network to raise awareness and positively influence others' behaviour.

AREA FOR REFLECTION

Societies have long debated the links between wealth, responsibility and power. This is also a vital concept in modern philanthropy. What are a person's responsibilities if they have more wealth than others? How does the wealth holder ensure their gifts meet the most pressing needs? Who should decide what these needs and their possible solutions are? These are important questions in the context of effective giving and social change.





THE VALUE OF PARTNERSHIP

An African proverb teaches that if you want to go fast, go alone. If you want to go far, go together.

Collaboration has many benefits for donors. These include:

- Avoiding waste and duplication by sharing information.
- Allowing donors to combine funding to achieve large-scale impact and pool cost efficiencies, including through shared due diligence.
- Working in unison to achieve greater visibility of issues of justice.
- Mitigating the common issues of competitive fundraising and inadequate coordination.

If others are already working on similar issues, some donors may decide they can be more effective by joining forces or funding these initiatives directly. As well as amplifying the efforts of the collective, this can provide rich learning opportunities for all involved.

However, some donors fear the reduced sense of control that collaboration may bring. Although the most ambitious philanthropy does require partnership, collaboration also takes effort and often a fair amount of compromise.

BRINGING TOGETHER A BREADTH OF ASSETS

Collaborative giving can offer donors the ability to learn alongside others, explore new ways of working, and bring together a breadth of assets and experience to achieve change.

To do it well requires the humility to recognise the limits of any one donor's philanthropic impact, and to put the goals of the collective and its intended partners ahead of one's own.

Regardless of whether you choose to work closely with others, understanding what your peers are doing, what you can learn from those who are more experienced, and whether you can pool resources can be worthwhile.

Measuring the impact of your giving

Effective philanthropy is a journey of learning, re-evaluation and reflection. We explore the measuring techniques donors could use.

Measuring impact is a key part of philanthropy. As well as helping to celebrate successes, evaluating progress may reveal places in which your and your recipients' efforts are falling short of their desired outcomes.

Identifying these can allow you to shift your focus, adapt your approach and may ultimately improve your impact.

The topic of impact measurement is vast. Here, we briefly outline the key perspectives and steps you could take to evaluate progress, and share some good practice principles.

THREE PERSPECTIVES ON IMPACT

One of the key challenges is that 'impact' means different things to different people. There are also different aspects to impact in philanthropy – from societal, to organisational, to more personal.

As a starting point, it is helpful to think of impact as the change that a philanthropist aspires to make through their giving. In essence, it is the difference that a contribution makes above and beyond any changes that would have otherwise occurred.

For example, these might include improved health or life chances for a group of people, or increased biodiversity. These are usually the kind of improvements philanthropists mean when using the term 'impact'.

“ It is helpful to think of impact as the change that a philanthropist aspires to make through their giving. In essence, it is the difference that a contribution makes above and beyond any changes that would have otherwise occurred. ”

However, you could also view impact from three possible angles:

1. Through your recipients

This involves assessing how your recipients define and measure their impact on society, and the extent to which they are applying and learning lessons. You can glean this information via formal and informal conversations, site visits, peer reviews and reports.

2. As a donor

Taking this approach involves assessing whether, and how, your own contributions are making their intended impact. As a donor, this requires a different way of thinking, as you may be one step removed from the frontline of social change. Some donors see their role simply to respond to and support great charities and community organisations; others may consider impact more in terms of their contribution to a particular cause or issue. A Theory of Change (see overleaf) can help to establish a framework for measurement.

3. Personal aspiration

Another possibility is to consider whether your personal hopes and aspirations (for you and for your family) are being realised through your giving.

All three perspectives on impact are relevant, and exploring what matters most to you can be worthwhile.

Some donors choose to measure impact themselves, but many seek expert support. There are external consultants and advisers who can help, and this could have the added benefit of reducing potential bias.

KEY PRINCIPLES FOR MEASURING IMPACT

Whether you're evaluating your own progress or working with an external expert, following the eight practices below can be useful.

1. Work alongside your grantees to identify what 'meaningful progress' is.
2. Consider funding grantees to undertake meaningful measurement (often a gap in investment for charities).
3. Only measure what is most relevant and use your insights to learn and adapt.
4. Be clear about the distinction between your/ others' contributions to positive change.
5. Consider whether the change(s) may have occurred without your intervention.
6. Recognise that societal impact and change takes time, and the process is rarely linear.
7. Consider your personal hopes and aspirations – have you communicated these (as an individual, collective or family) and are they being met?
8. Look at how others in your chosen field measure their impact and progress. What can you learn from this?

ATTRIBUTION OR CONTRIBUTION?

When measuring impact, we are looking for a causal link between our actions (or those of the organisations we support) and the ultimate change that happened as a result. In some cases, organisations can rigorously measure their attributed impact – for example, through randomised control trials, which is often seen as the 'gold standard' in measurement.

However, in the work of philanthropy and social change, success is often the result of collective action.

So, what does this mean for measuring impact?

On the one hand, establishing the link between actions, outcome and impact can give us confidence that we are on the right path and that resources were put to good use. However, focusing too narrowly on trying to attribute impact to one actor brings its own set of problems. As multiple factors usually contribute to an outcome, it's often difficult to pinpoint which of these played the greatest role.

A more helpful concept may be 'contribution'. Rather than owning the impact, the mindset shifts to being part of the winning team. If you have a clear sense of where you are trying to get to together, you can still measure whether you get there and your progress towards that goal. However, you can also keep a more open attitude about whether you (or the organisations you support) were the sole owners of those changes.

THE THEORY OF CHANGE

Some philanthropists use a Theory of Change to map and visualise their giving. This approach clearly sets out the individual steps that you need to take to achieve your goals, in turn creating a logical model that shows how change could happen. A logic model can be particularly helpful if you wish to be accountable to others, build partnerships or seek funding for your work.

A Theory of Change usually asks the following questions:

- What change will you seek?
- What is the need for the change?
- Who will you target through your philanthropy and where?
- How will you and others make the change happen?
- When will you achieve this change?
- What are your underlying assumptions?

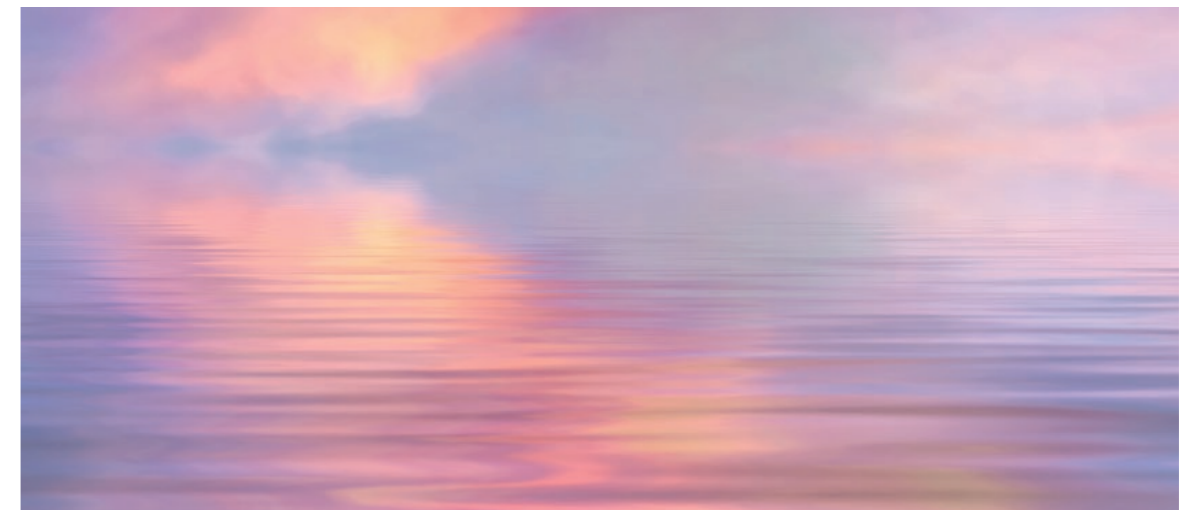
If you would like to learn more about developing a Theory of Change and view some examples, there are numerous resources and guides available, including (but not limited to) those provided by think tank New Philanthropy Capital.

QUANTITATIVE OR QUALITATIVE?

When measuring your impact, you will need to decide on the type of data or information to use for evaluating your progress.

One approach is to employ quantitative metrics, which rely on clear data that can easily be tracked and counted. Quantitative metrics often have a narrow focus and allow you to measure and report on results over a relatively short time frame. You (or your recipients) will need to consider carefully the relevant metrics for your goals.

However, measuring impact does not have to rely solely on quantifiable metrics. Indeed, some types of change can be difficult to quantify and are better presented as descriptive data. These are known as qualitative metrics. As an example, you can often best describe impact through stories and case studies of those whose lives have been improved through philanthropy.



Farah Jirdeh-Fonkenell: Key principles for measuring impact



Farah Jirdeh-Fonkenell, founder of the Pharo Foundation, discusses the approach her organisation takes to defining a strategy and measuring impact using a Theory of Change.

The Pharo Foundation has had many lives since I set it up in 2011. We began as a grant-giving organisation and then moved towards designing our own projects. Much of what we learned during those early years has led to where we are today.

Like all foundations, we have been on a journey. Early on, we experimented with an organic approach, in which projects were often initiated by suggestions from local officials who could appreciate their communities' needs.

MY 'JOY AND GLORY'

We now theme our work around three missions: empowering African youth through education, solving Africa's water scarcity problem, and removing obstacles to African productivity and employment. My proudest achievement is our early childhood programme, which focuses on education centres. It is my joy and glory, and the most successful of our initiatives.

Whatever we're working on, we believe that measuring impact should not be an afterthought. Philanthropists need to build it into the early stages of their project design.

FOUR TIPS FOR MEASURING IMPACT

Since our launch, we have used a process of trial and error to measure the impact of our projects and have now arrived at four key principles.

1. First, we agree a definition of impact and the process for measuring it. Impact is the difference between what happens after a programme is introduced, and what would have happened in its absence (the 'counterfactual'). Impact evaluation is only meaningful if we have a comparison group.
2. Our starting point needs to be the problem we intend to solve, not what activity we want to carry out. We also need clearly defined goals and measurable outcomes before we introduce ourselves to a community.
3. As philanthropists, we need a strong 'Theory of Change' to achieve the greatest possible impact. This approach begins with the outcome we would like to achieve. We then work backwards to identify all the steps required to accomplish our goals, and weigh the potential impact.

A 'Theory of Change' also involves identifying the constraints that led to a problem's development. For instance, limited school completion rates or low test scores can impact a young person's achievements later in life.

4. Ideally, those implementing a programme should not be responsible for its design. This creates an incentive to request approval for a project, even if the potential benefits are marginal.

By applying these principles from inception, we know that our projects will have the greatest likelihood of changing lives, while our human and financial resources are used as effectively as possible. For us, philanthropy is about giving with a results-oriented mindset.

“Our starting point needs to be the problem we intend to solve, not what activity we want to carry out. We also need clearly defined goals and measurable outcomes before we introduce ourselves to a community.”

FARAH JIRDEH-FONKENELL

Aligning philanthropy and investments

Considering using your investments to support your philanthropy? Here's how some donors are bringing their investments and their giving closer together.

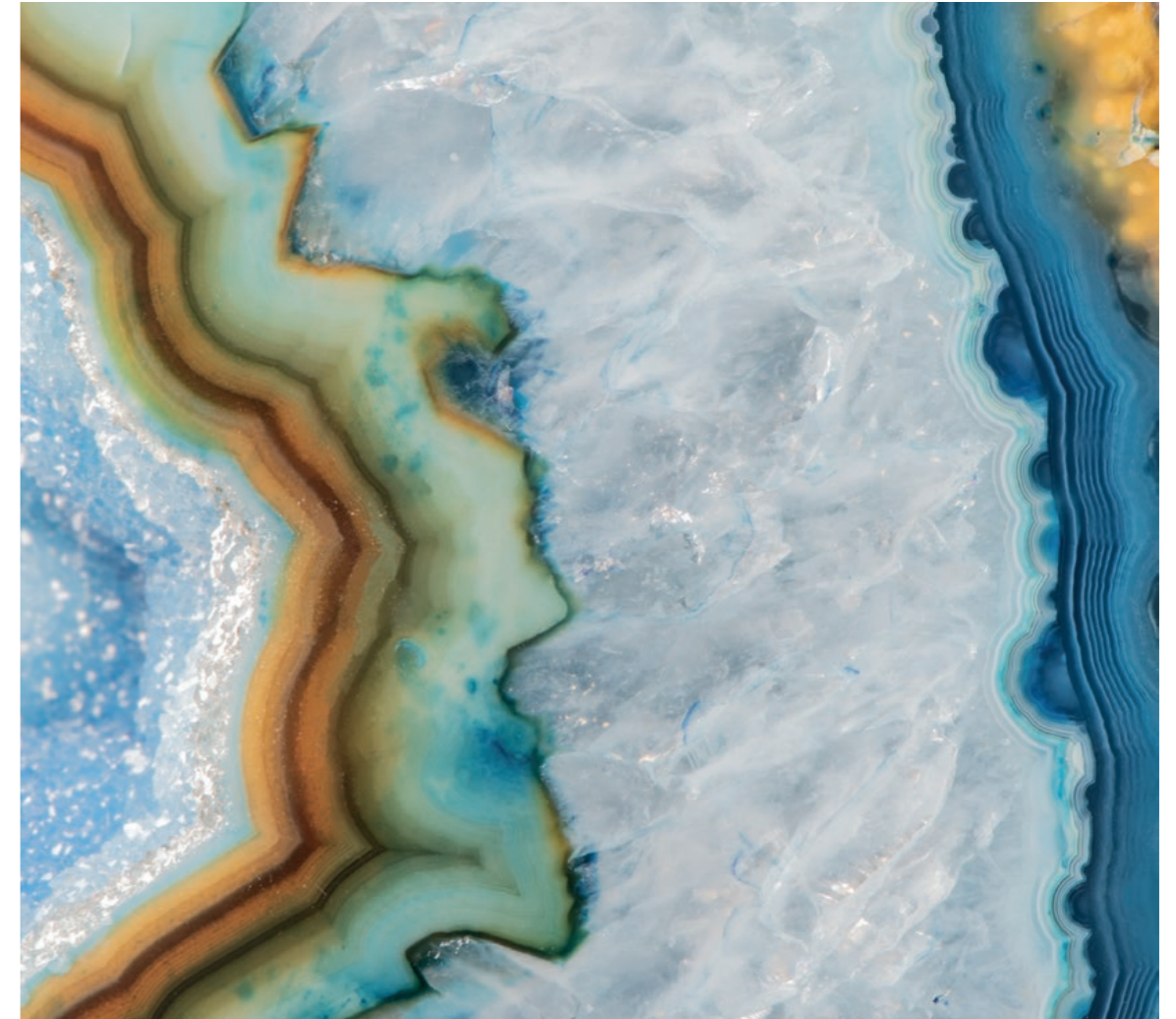
As well as managing their philanthropy, many donors are also striving to maintain a successful financial portfolio.

Historically, these objectives of investing and doing social good have been separate from one another. As such, certain family members or foundation trustees have typically overseen the stewardship of capital, while other family members or staff have taken responsibility for giving strategies.

An increasing number of wealth holders are becoming aware of the ways in which aligning their investments with their philanthropic goals has the potential to enhance their mission and/or values¹.

Here, we explore some of the factors driving this shift towards a more integrated view of wealth and the key considerations for those wishing to take this approach.

¹ Source: Barclays Private Bank/Campden Wealth, 'Investing for Global Impact: A Power for Good' report, January 2023





LINKING SOCIAL PURPOSE AND INVESTMENT GOALS

Bringing philanthropy and investments together is, of course, a very large topic and may not be for everyone. If you're interested, we encourage you to research this further, consider your broader investment objectives and lifestyle needs, and seek to learn from others who are experienced in these approaches.

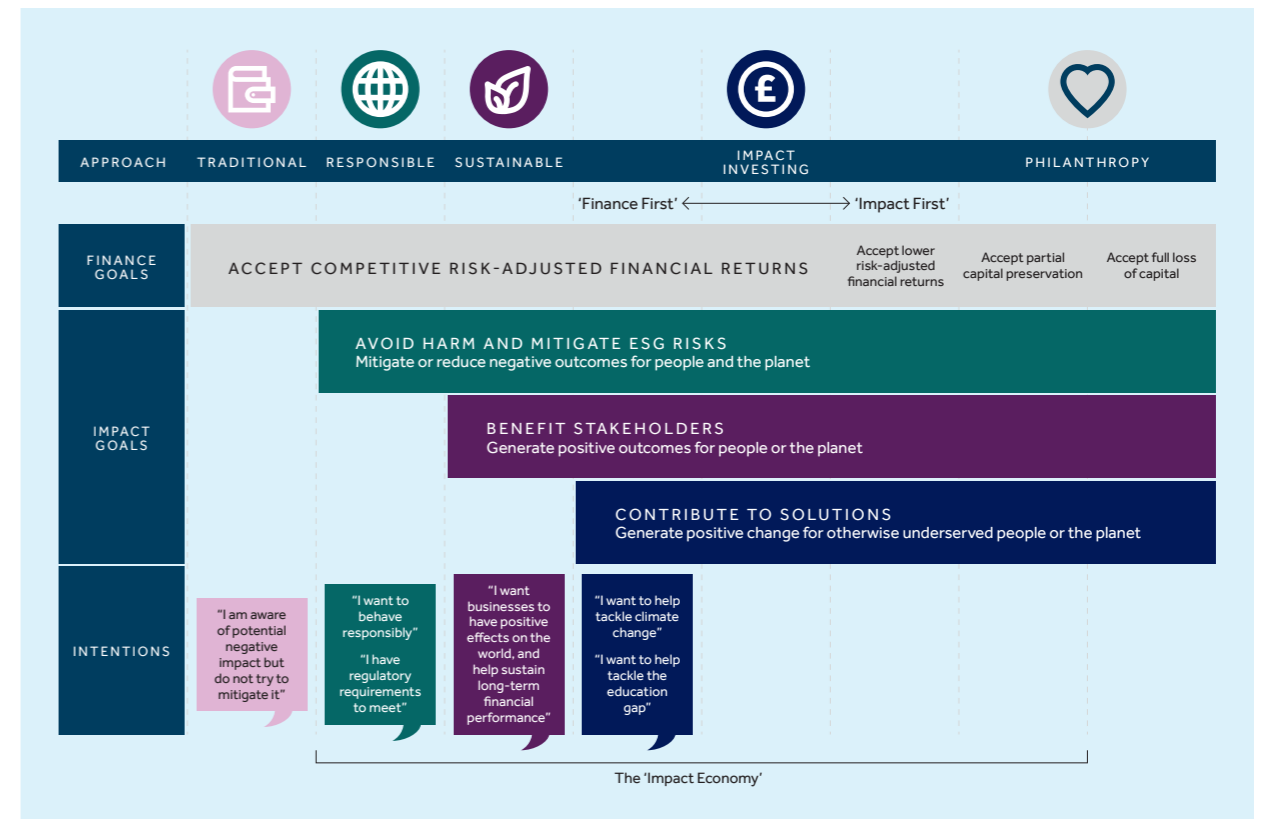
If you decide to explore this in more depth, some options you may consider include:

- Avoiding or exiting investments that might undermine the outcomes you are seeking through your philanthropy.
- Actively investing in companies or projects that aim to generate impact, as well as financial returns.
- Considering how funds from your philanthropy could support social enterprises and ethical businesses.
- Taking a long-term view of your finances by investing in companies that align with your values but may not provide an immediate profit. This is often referred to as 'patient capital'.
- Using your rights as a shareholder to vote or influence companies on social or environmental issues, such as the living wage, tax transparency, gender equality or decarbonisation.

THE SPECTRUM OF CAPITAL

Donors often have a range of options when it comes to using their capital for good. The 'Spectrum of Capital' diagram below illustrates some of these, from 'impact first' approaches (philanthropy) to 'finance first' approaches (traditional investing).

It also outlines the intentions and goals that might underpin and influence your decision about which approach is best for your unique circumstances.



Source: Bridges Fund Management, 'The Bridges Spectrum of Capital', 2013

As you begin to explore this topic in greater depth, you may also want to consider the following points.

REGULATION

Regulations (or guidance) in the country in which a charitable entity operates may impact how you use your investment capital. You will need to be aware of these if you wish to start investing for good.

In the UK, for instance, guidance states that a foundation may consider its overall return in terms of both its financials and the advancement of charitable purposes². This guidance may help foundations move beyond the conventional model of keeping capital preservation and social impact investments separate from one another.

SKILLS

Shifting to a more holistic approach requires an appropriate blend of skills. This may mean bringing in new board members, team members or advisers with investment capabilities.

Learning from peers, more experienced foundations or investors, and grassroots organisations can also be valuable.

MEASUREMENT

Accountability and transparency are important, but measuring the social impact of grants and investments can be extremely complex.

The key is to ask the right questions and give the same prominence to investment decision-making as you would donations and grant decisions.

Before you begin, ask yourself the following questions:

- What are your motivations for taking a more holistic view of wealth?
- Who should be involved in decisions about aligning investing and philanthropy?
- Which part(s) of your portfolio do you want to align – business, family and/or foundation investments?
- Where could you begin this process – reviewing your existing portfolio(s), allocating a small portion of your capital to experiment, and/or refining your investment strategy?
- Are you willing to commit time to learning about this new area?

Foundations and membership bodies are also sharing a wealth of knowledge to support investing in this space. These include (but aren't limited to) Impact Frontiers, the Association of Charitable Foundations, The Impact Investing Institute and Charity Finance Group.

DE-RISKING INVESTMENTS FOR OTHERS

Philanthropists who wish to unlock the potential impact of otherwise 'hard-to-fund' projects may want to consider a blended finance approach. In essence, this means that investors with different risk tolerances will invest in the same project through a combination of grants, impact investments, low-interest loans and other financial instruments.

By taking on the potential risk of the investment, philanthropists can make the investment more commercially viable for co-investors who otherwise may not have entered the deal. This is called 'first-loss capital'. Typically, these other investors include governments and the private sector.



² Source: Butler-Sloss and others v Charity Commission, April 2022

Paolo Fresia: A holistic approach to investing and impact



Impact investor Paolo Fresia reflects on the journey that led him to combine his investment portfolio with his aspirations for doing good.

It was summer 2016. My mother had recently passed away and I wanted nothing more than to be a responsible steward of the capital she left me.

After years of hiding from my inherited wealth, I hired a team of financial advisers. They showed me a list of the United Nations' Sustainable Development Goals¹ and asked where I'd like to focus my investments.

I thought: "Who cares what I want when it could be completely different from what the world actually needs?", and "How did I come to inherit such large sums when many have so little? Is it possible to use my resources to shift the system and reduce inequality?"

'NOT AS IMPACTFUL AS I'D HOPED'

Next, the advisers produced a chart showing available impact investment opportunities. Back then, this was microfinance, a scattering of healthcare, education and environmental themes. I initially decided to go with the most investable opportunities.

However, this approach to investing was not as impactful as I'd hoped. Being mainly confined to public markets did not allow for additional and/or flexible capital to truly tackle the world's largest problems.

¹ Source: United Nations Sustainable Development Goals, 2015

Everything changed two years later when I did some serious financial planning. My new adviser asked me to imagine that I live to be 100 and to plot my projected expenses until then, and derived an asset allocation that would ensure I meet those cashflow needs.

With the knowledge that my family's financial needs were now covered, I gained the confidence to take greater risk across my excess assets, which allowed me to maximise my impact across both my investments and my philanthropy. This meant shifting to a much higher percentage of longer-term, illiquid investments, rigorously vetted for their potential to maximise social and environmental impact.

IDENTIFYING CORE THEMES

I decided on three core themes for my investments and three for my philanthropy. These were not solely based on my preferences or passions, but also considered which issues tend to be the most underfunded or severe, and where capital can be most effective to provide solutions.

For investments, these themes were sustainable supply chains, climate change and gender. And for my philanthropy, I chose saving lives in the poorest countries, grassroots social movements in Europe, and LGBTQI+ activism in the Global South.

The final piece of the puzzle was to combine financial planning with the themes that I had prioritised. This way, I could actually invest for impact, rather than simply 'do impact investing'.

AN OPTIMAL RATE FOR GIVING

I worked with another financial planning expert to define an optimal rate for my giving, which is 3% of my total wealth per year.

Investing for impact often means challenging the preconception that a portfolio should grow in size, above all other priorities. Having defined how much is 'enough' for myself and my family, I'm perfectly happy to spend down my excess wealth gradually, if that means having greater impact.

ANSWERING TO FUTURE GENERATIONS

I visualise myself in 15 years, when my children are part of a generation defined by the climate and other emergencies. I imagine them asking "Papà, how did you try to prevent these?" By bringing my philanthropy and investments together and rigorously prioritising to maximise impact, I'll have a better explanation than "I did my best".

Future generations will not care that we had good intentions. They'll judge us by our actions.

“ Investing for impact often means challenging the preconception that a portfolio should grow in size, above all other priorities. ”

PAOLO FRESIA

GLOSSARY OF COMMON PHILANTHROPY TERMS

We've put together a list of some of the commonly used terms donors may encounter on their philanthropy journeys.

Charitable trust

Sometimes referred to as a 'foundation', a charitable trust is governed by a board of trustees for charitable purposes. Trusts enjoy varying degrees of tax benefits in most countries and must comply with charity legislation.

Charity

A charitable organisation established for the benefit of society. The definitions and obligations of a charity vary between countries.

Civil society

Also known as the 'third sector', this refers to organisations established for public good outside of government or the corporate sector.

Collaborative giving

Donors – whether individuals, companies, foundations or governmental – joining forces to address societal problems. These groups often share information, pool costs and commit funds together, with the aim of having more impact than they could individually.

Community foundations

A foundation that typically provides donations and support to charities operating in a specific geographical area. Community foundations exist all over the world and usually have a strong understanding of local needs.

Core support/funding

Donations given for the specific purpose of supporting running costs or overheads, such as office space, salaries and training.

Donation

Also known as a 'grant' or 'gift', this term usually refers to money but may also include other assets, such as stocks, bonds, mutual funds, or simply time and expertise. Donations can be 'restricted' to a particular project or theme but may also be 'unrestricted', which means the charity can choose how they are used.

Donor-advised fund (DAFs)

An alternative to a charitable foundation, DAFs allow donors to set up an account into which they can make tax-efficient gifts and provide donations over time.

Due diligence

The process of assessing an organisation prior to donating, which may include research, conversations and/or site visits.

Effective altruism

A philanthropic approach (and community of philanthropists) informed by the use of data and empirical evidence, and with a goal to maximise impact and cost-effectiveness. There is a particular emphasis on funding projects whose outcomes can be tangibly measured.

Endowment

A donation of either money or property to a charity – often a charitable foundation – for the purposes of generating investment income.

Equality

The state or aspiration of everyone having the same rights and opportunities.

Equity

A term that recognises people start out in life with different circumstances and therefore what it will take to achieve genuine equality is different for each person or group.

ESG investing

This looks to drive financial value through a better understanding of an entity's ability to mitigate the risks that may arise from environmental, social or governance factors. ESG investors also look to use engagement and voting rights to drive long-term shareholder value. Investments with strong ESG characteristics typically benefit from high operational quality – such as strong labour practices or low exposure to environmental risk.

Foundation

See 'charitable trust'. Family or private foundations are set up by individuals, whereas corporate foundations are linked to, and often funded by, a business.

Giving circle

A group of donors who come together, usually around a common goal or theme, to share intelligence, pool resources and collectively fund programmes.

Governance

Governance is the leadership of decision-making, controls and accountability, and provides a framework for the management of organisations. Good practice guidelines exist for charities and charitable foundations globally, while organisations must also follow guidance and legislation within their local jurisdiction.

Grant

A monetary gift, often with terms and conditions applied. See 'donation'.

Grant-making

Grant-making usually refers to a more structured approach to giving, whereby a donor reviews proposals, undertakes due diligence, agrees terms, makes the grant and usually monitors the recipient's progress.

Grant monitoring

The ongoing review and assessment of a grant to check that it is being spent in line with expectations and is achieving impact.

Grantee/beneficiary

The organisation (more commonly) or individual in receipt of the donation. The term 'beneficiaries' also refers to the end recipients of the donation – i.e. the community that will be supported or receive services. Other terms used are 'partner' and 'recipient'.

Impact

The fundamental change that a donor seeks to make as a result of their giving. It is the difference that the donation makes, beyond what would have happened anyway over time.

Impact investing

This has a primary goal of achieving an impact objective. Financial return is secondary, and the impact is made through the addition of financial capital, as well as the impact of the investment's economic activity. Impact investments are often, but not exclusively, within private markets.

Landscape analysis

The process of examining the field in which a donor is interested in order to fully understand the problem and identify the players already acting in this space. A landscape analysis also considers what existing interventions are making progress, as well as identifying gaps and needs. The goal is to determine the unique value-add a donor can bring.

Legacy

Legacy may refer to a gift made in someone's will (either assets or money), or more broadly to the impact that a family or individual wants to have in the world.

Lens investing/giving

The concept of giving or investing in pursuit of a particular goal – for example, gender equality – with that lens applied across all of your processes and decision-making.

Lived experience

Refers to people who have experienced first-hand the issues that an organisation or donor is seeking to address. It is recognised that for solutions to be most relevant and to address unequal power dynamics, people with lived experience should be involved in decision-making.

Multi-year grants/funding

Donations made as a commitment for more than one year. This approach is viewed as good practice as it helps charities develop the security to make long-term plans.

Next generation

Usually refers to heirs to family fortunes who will be the new generation of donors and investors. Can also refer to creators of wealth, but their key characteristics are that they have different values, interests and priorities from their parents and grandparents.

Non-governmental organisation (NGO)

Interchangeable with 'charity' and more commonly used in international development.

Open-application process

The process whereby a donor, usually a foundation, publicly announces their intention to fund a particular cause or approach, and provides instructions on how to apply.

Participatory grant-making

A form of giving in which grant decisions are fully or partially delegated to organisations or individuals from within the beneficiary community.

Philanthropist

A donor who uses their private wealth for the benefit of society.

Philanthropy

Private wealth used for public good, usually in the form of donations.

Project funding

Giving that is targeted or 'restricted' to the delivery of a particular initiative.

Public benefit

Under UK law, this term defines the purposes of a charity. It refers to the idea that a charitable organisation must exist to serve the wider community and this must be evidenced in its decision-making.

Quality-adjusted life years (QALYs)

A metric used to quantify and compare the expected impact of interventions or actions on individuals' wellbeing.

Randomised control tests/trials

Often seen as the 'gold standard', these are trials conducted on multiple groups to assess the impact of a particular intervention on a community's development. In most cases, one set of participants will randomly receive a certain intervention and others will not. Those who receive the intervention are known as the 'treatment group' and those who do not are the 'control group'.

Restricted/unrestricted funding

Restricted funding is allocated for specific use, while unrestricted funds can be used as the charity sees fit.

Social enterprise

A company with a social mission or purpose, which they prioritise above financial return.

Social investment

Any form of investment that combines financial objectives with social and environmental concerns. Social investments typically use non-conventional investment vehicles and seek to make investment available to individuals or communities that are unable to easily access loans from mainstream sources.

Spectrum of capital

A spectrum of capital maps different types of capital (traditional investing at one end and philanthropy at the other), showing how these approaches align to financial and impact goals.

Spend-down/spend-out

Usually used in relation to an endowed foundation, this refers to a decision to spend all capital within a defined time period.

Sustainable investing

This goes beyond ESG investing to look at an entity's economic activity, assessing how it is aligned to sustainability objectives. Sustainable investing typically reflects an investor's values, while pursuing a financial goal of maximising risk-adjusted return.

Systems change

A system is a configuration of connected parts which mutually influence each other, such as a food system, a marine environment or an economy.

Systems change attempts to understand how these parts are organised and relate to one another in order to tackle the root causes of complex issues. The goal is not to focus on any individual part but to create conditions for transformative, lasting change at a broader level.

Theory of Change

A comprehensive illustration of how and why a desired change is expected to happen in a particular context. A Theory of Change defines end goals and maps backwards to logically plot the steps needed to achieve the desired outcome.

Trust-based philanthropy

A philosophy of giving which prioritises trust in the capability of charities and shifts the donor relationship to a partnership. Key characteristics include unrestricted giving and donor transparency.

Venture philanthropy

A way of giving that brings principles of venture capital financing to philanthropy. It usually implies rigour in identifying 'high-impact' social enterprises or charities to support and backing a portfolio of organisations.

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