New Philanthropy Capital

Achieving more together

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Padraic Brick
Eleanor Stringer

Foundations and new philanthropists

cpf City Parochial Foundation

Tackling poverty in London

Achieving more together

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Executive summary

Over the past twenty years, many individuals have become wealthy through success in business. The last five years have seen a steady increase in philanthropy among this group. These 'new philanthropists' recognise the value of expert advice and the importance of assessing and monitoring the impact of their donations. Grant-making foundations, with their years of expertise and experience in funding charitable organisations tackling a wide variety of social issues, are well placed to help these donors maximise the impact of their giving.

There are several models that foundations can use when working with high net worth donors, including new philanthropists. These models vary depending on how involved the donor wishes to be in decision-making—some want to be 'hands off', while others prefer to be more engaged. Models include:

- Donations: gifts can be either unrestricted; directed to a specific issue or geography; or directed to specific projects.
- Funds: funds can include projects within a foundation's existing strategy; or projects that lie outside it.
- Joint initiative or collaborations: similar to those between professional grant-makers.

There are benefits on both sides when foundations and new philanthropists work together. Working with new philanthropists is an exciting way for foundations to develop their work and achieve their mission. By allowing their expertise, knowledge and infrastructure to guide funding from other donors, foundations can ensure that more funding is given effectively to the issues that they address.

New philanthropists in turn can benefit from foundations' expertise. By giving through an established foundation, they can feel greater assurance about the effectiveness of their donations and avoid investing time and resources in building their own knowledge and infrastructure.

But such collaborations can bring challenges. For example, it can be difficult for foundations to raise awareness of their work and attract interest from new philanthropists. Foundations can attract interest through existing philanthropy networks, the media or the wider network of advisors such as accountants, investment managers and lawyers. Alternatively, foundations could hire a fundraiser or appoint a fundraising consultant to proactively recruit donors.

Another challenge that foundations can face is making sure that working with new philanthropists does not distract them from their mission. They may also want to avoid the reputational risks that can come from working with donors who have a public profile or have earned their wealth through activities that are contrary to the values of the foundation. Foundations should understand donors' backgrounds and be clear about the parameters of the relationship before entering into any partnership.

While the benefits of foundations with similar interests working together is well established, there has so far been little collaboration between foundations and new philanthropists. This is largely because, while there may be a pool of new philanthropists who are interested in working with foundations, these donors are not easy to find and are even more difficult to build relationships with. Many are unaware that partnering with a foundation is even an option open to them. The key to overcoming these challenges lies in increased knowledge-sharing and a greater willingness from both sides to explore collaboration as a way to maximise impact.

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Introduction

Grant-making foundations have many years of experience funding charitable work to improve the lives of individuals and the communities in which they live and work. New philanthropists—high net worth individuals (HNWIs) interested in being informed, strategic givers—have been growing in profile, and donations have been increasing.

This paper explores the opportunities for new philanthropists and established foundations to collaborate, the benefits of such collaborations, and the ways in which they might work.

In researching this report, New Philanthropy Capital (NPC) drew on its knowledge and experience of working with both new philanthropists and grant-making foundations. We spoke to a number of foundations and other organisations about their experience of working with new philanthropists, and to obtain the perspective of donors, we interviewed advisors at NPC about clients they have worked with. Many of the insights from these discussions are contained in case studies in this report.

NPC would like to thank the City Parochial Foundation for its support and funding for this paper. We would also like to thank the organisations and individuals who took time to speak to us about this research.

1. The donor market

About new philanthropists

A growing number of high net worth individuals (HNWIs) are engaging in philanthropy—giving to charities in the UK and abroad. This increase is in part due to an increase in the number of HNWIs due to wealth creation over the past decade. But it is also due to the growing profile of philanthropy, which has been encouraged by high-profile donors such as Bill Gates and Warren Buffett in the US and Chris Hohn in the UK.

In 2007, there were an estimated 495,000 HNWIs in the UK, defined as having more than $1m in assets, excluding their primary residence.[1] This was an increase of almost 10% from two years previously. The profile of HNWIs has also changed, as they are now more likely to have earned their wealth within their lifetime rather than relying on inherited money—76% of the *Sunday Times* Rich List in 2009 have created their own wealth, compared to only 25% when the list began in 1989.

The increase in self-made HNWIs, who feel greater ownership of their wealth and less compulsion to leave a large inheritance, has led to a corresponding increase in philanthropy. The top 30 donors on the *Sunday Times* Giving List in 2009 pledged £2.6bn, up from £1.2bn in 2007 (see Figure 1). In 2008, at least 180 new charitable trusts have been established with individuals as their primary source of income.[2]

The current economic conditions will impede the growth of philanthropy, though the extent and implications of this are not yet clear. The overall wealth of the 1,000 people on the 2009 *Sunday Times* Rich List fell by 37% from 2008. The newsletter Philanthropy UK, in a special report on giving in the recession in December 2008, found mixed evidence from philanthropists and advisors, with some indicating that their giving would remain the same and others saying it would decrease. Giving from HNWIs will be impacted over the next 12 to 24 months but, given the level of uncertainty that remains about the economic outlook, it is hard to predict how this will affect the longer-term trend of growth in philanthropy that was evident from 2004 to 2009.

Some HNWIs are particularly interested in being informed, strategic givers. These 'new philanthropists' approach their giving with certain characteristics. In particular:

- they see the value in making informed decisions in their giving, through seeking advice and expertise and/or learning more about the issues themselves;
- they are interested in knowing about and assessing the results of their giving; and
- they are comfortable with risk and innovation—they are prepared to back risky or unproven approaches or organisations if they believe they have the potential to create impact.

The above characteristics are, of course, rather broad brush and do not apply to all new philanthropists—some will be more interested in seeking expertise and being thoughtful givers than others. However, it is important to note that their attitudes and approaches are often very different to those of other funders. One consequence of this is that working with new philanthropists can be challenging, and requires patience and diligence.

Based on NPC's experience of working with new philanthropists, it is useful to break them down into three types of donors—gift givers, engaged givers and hands-on givers—with differing characteristics as shown in Table 1.

Figure 1: Pledged giving of top 30 givers in the *Sunday Times* Rich List

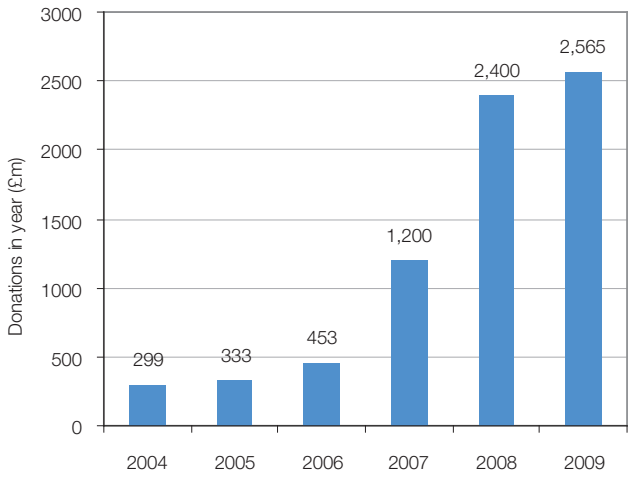


Table 1: Types of new philanthropists

Characteristic	Gift giver	Engaged giver	Hands-on giver
Wants giving to achieve impact	*Yes*	*Yes*	*Yes*
Interested in developing in-depth understanding of issues	*No*	*Yes*	*Yes*
Wants to make decision on specific charities to support	*Not necessarily*	*Yes*	*Yes*
Wants feedback on results of work	*Not necessarily*	*Yes*	*Yes*
Wants to have a relationship with the charity, through visits or meeting the chief executive	*No*	*No*	*Yes*

How new philanthropists fit with foundations

Issues and geography of interest

New philanthropists and foundations are interested in a variety of issues and geographies. For successful partnerships, there must be overlap. New philanthropists are most interested in working with a foundation when they:

- are interested in the geography and issues that the foundation addresses;
- lack in-depth knowledge of the areas they aim to address; and
- lack grant-making capacity—they are unlikely to have a staffed foundation.

The CAF/NCVO annual survey of individual giving shows that over three quarters of donations (by amount) are given to seven issues: religious causes (18%); medical research (15%); children and young people (13%); hospitals and hospices (12%); overseas (10%); education (5%); and animals (5%).[3]

However, in NPC's experience, giving patterns of new philanthropists are not the same as those of the population as a whole. Figure 2 shows the distribution of grants made by individual donors who have given to charities through NPC, split by the main issue the charity tackles. Around 30% of grants made by the donors with whom NPC works were given to causes that are not usually popular with regular donors.

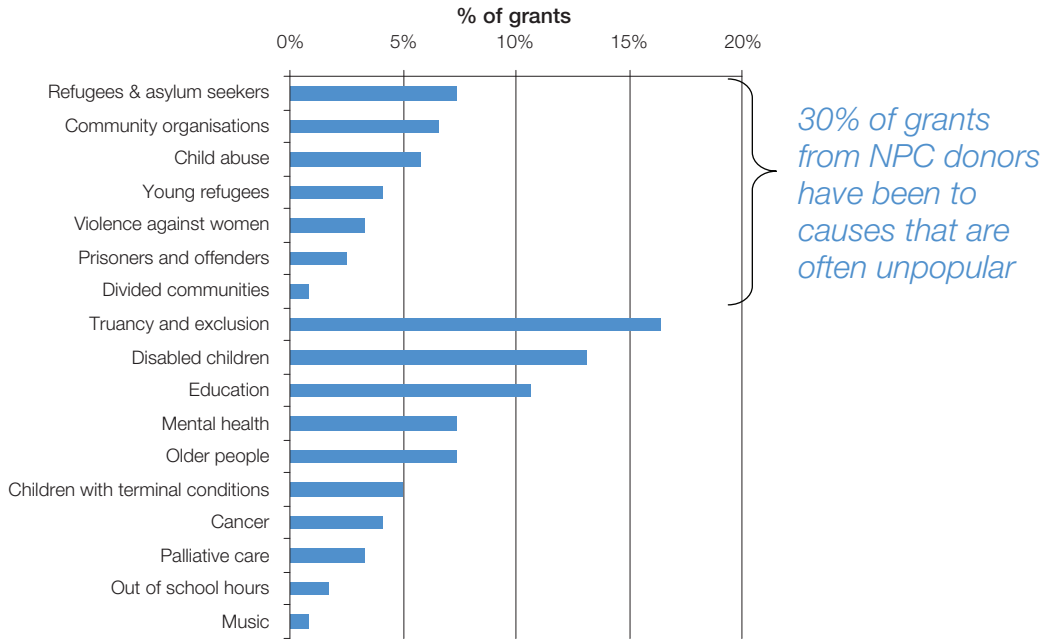
NPC's donors have shown an interest in funding charities that would be considered to be 'unpopular' or controversial and would struggle to raise funds from the general public. For example, over the past year, several donors have supported the Lucy Faithfull Foundation, a charity that protects children from abuse by working with sexual abusers. It runs a helpline for adults concerned about their own behaviour or thoughts, or those of people they know.

Type of donor

While a foundation could work with all three types of new philanthropist outlined above—gift givers, engaged givers, hands-on givers—engaged givers are likely to be the easiest people for a foundation to attract and work with:

- **Gift givers** may not have thought carefully about how best to tackle the issues they want to address and so may not see the benefit of funding through a foundation.
- **Hands-on donors** may desire a level of engagement that could have significant implications for foundations. For example, they may wish to visit the charities they support, or be able to pick exactly which projects their money goes to. This could be a drain on a foundation's staff's time and its resources.

Figure 2: Grants from NPC donors by cause



Case study: Hands-on donors wanting to understand issues in their community

One couple NPC has worked with were particularly interested in funding in Islington, their home borough. They were aware from walking around the streets that there is much poverty in the area, but did not understand the issues or know what the particular problems were. They wanted to give strategically, and wanted not to replicate what other funders were doing.

Given their interest in increasing their understanding of local issues, NPC introduced the couple to an Islington-based grant-maker, Cripplegate Foundation, an expert on the problems in the local area and the work that charities are doing to tackle them. The couple met with the director of Cripplegate Foundation and discussed the needs in the area. The director also offered to take the donors to see some of the charities the foundation supports. The foundation has a professional approach to funding. Its staff develop deep relationships with charities in the area, and their knowledge impressed the couple. They learned much about Islington from meeting Cripplegate Foundation. From the meetings with grantees, they will be able to learn from the foundation's experience and find out more about the borough's voluntary sector.

Accessing new philanthropists

While there may be a pool of new philanthropists who are interested in working with foundations, these donors are not easy to find and are even more difficult to build relationships with. There are two major barriers to attracting new philanthropists. First, while many foundations have a high profile in the world of philanthropy, many new philanthropists may only know of a handful of the most well-known foundations. Second, because philanthropist-foundation partnerships are a relatively new concept, donors may not know that this is even an option.

Possible options for how foundations could attract individual donors include:

- publicising through philanthropy networks;
- publicising through the wider community of HNWI advisors, such as solicitors, bankers, and accountants;
- publicising through media coverage, raising their profile and showing their willingness to work with new philanthropists; and
- proactively recruiting new philanthropists, perhaps through a fundraiser or fundraising consultant.

Photograph supplied by Kristian Buus

2. Options for new philanthropists

Donors wishing to invest significant amounts in the charity sector have a range of options open to them if they do not wish to simply give donations directly to charities. As the previous sections outline, such donors could give through a foundation. But they could also create a funding circle with friends or seek guidance from a philanthropy advisor.

The Appendix reviews the different options open to donors, and Table 2 gives a summary of the findings, comparing different approaches with giving through a foundation.

So with all these options open to them, why would new philanthropists choose to fund through a foundation? There are several reasons. For example:

- On a practical level, it allows them to work through a professional funder's robust processes and infrastructure. An individual is unlikely to have these in place (even if he or she has set up a trust). It saves time and effort in establishing the necessary processes.
- Good foundations are strategic in their giving and have a wealth of experience of funding organisations. Donors giving through a good foundation can therefore feel certain that the money is being used thoughtfully, and that the correct due diligence on organisations is being undertaken.
- Giving through a specialist foundation enables donors to feel part of a greater mission. Their money is pooled with the foundation's own resources, and they can feel that they are achieving more with their funding than they could independently.

Table 2: Other options available to donors

Option	Comparison with funding through foundations
Philanthropy advisors such as New Philanthropy Capital and Geneva Global	Advisors can provide expert advice on particular issues, but do not usually have the same level of infrastructure as foundations.
Operational charities such as Oxfam's Projects Direct	Charities can provide in-depth information about individual projects for donors seeking feedback. However, donors may prefer the independent advice and objectivity of foundations.
Online giving portals such as The Big Give and GlobalGiving	Online giving portals offer a wide range of projects but do not provide objective advice or comprehensive analysis of projects.
Community foundations	Community foundations focus on a range of issues in a particular geographic area.

Case study: An engaged donor who wants to give in the best possible way

In June 2006, Warren Buffett, one of the richest men in the world, donated around $31bn worth of shares to the Bill and Melinda Gates Foundation. He was already giving $12m each year to his own foundation, but by donating to the Gates Foundation he could give away even more of his fortune and, importantly, do it well. Buffett wanted to give effectively, but did not want to have to grow his own foundation significantly.

'What can be more logical, in whatever you want done, than finding someone better equipped than you are to do it? Who wouldn't select Tiger Woods to take his place in a high-stakes golf game? That's how I feel about this decision about my money.'

Although the Gates Foundation was already a larger organisation than Buffett's, it still needed to scale up its capacity considerably, given the size of the donation. Buffett will sit on the board of the Gates Foundation, but he does not plan to be actively involved in the decision-making.

Case study: Engaged donors who want to donate large amounts of money

NPC has worked with a couple who have significant funds to give to charities, but who want to do so in an informed and strategic manner. They had been independently supporting many small projects that worked in their areas of interest. But such small projects could not absorb large donations, and the couple were wary of investing in large organisations due to having been frustrated with their previous experiences of funding such charities. They were therefore finding it difficult to donate as much money as they would like.

In order to help them give more money away, NPC facilitated a meeting between the couple and a major expert funder of international development work, so they could learn about its grant-making to see if there was a possibility of funding through such an organisation. The couple was astounded by the depth of the foundation's knowledge and its processes. Meeting with its director made them realise how much more they could achieve with their money.

This insight opened the couple's eyes to what a difference their funding could make if it was invested more professionally, and encouraged them to think about funding through professional grant-makers. The foundation, which does not normally work with individual donors, has agreed to show the couple the projects it is considering funding and, if they wish, involve them in designing and co-funding the work. The couple will therefore be able to retain control over the type of work they are funding, but will benefit from the foundation's existing processes of granting and reporting without having to create their own requirements and criteria. This approach also allows the foundation to avoid mission creep, as the donors are supporting work that it was planning to fund anyway.

Photograph supplied by Kristian Buus

3. Working with new philanthropists

There is no single model for how new philanthropists work with the organisations they give through. Models vary in terms of the level of engagement of the donor and the demands placed on the recipient organisation, from an 'hands-off' donation at one end of the spectrum to a joint initiative (similar to a collaboration between two foundations) at the other.

This section looks at the range of models used by organisations that wealthy donors give through, examines the suitability of each of the models and looks at the implications and risks.

Models

NPC identified six distinct models that organisations such as foundations, large charities and other philanthropic intermediaries use to work with new philanthropists. A full description of each of the types of organisations is given in the Appendix.

The model used depends on the level of engagement desired by individual donors and the fit of the model with the way in which the organisation works. For example, some organisations will talk to more engaged donors about specific projects they could support, while accepting unrestricted donations from other donors who do not wish to engage ('gift givers').

1. Unrestricted donation

An unrestricted donation is the model that demands least from both the donor and the recipient organisation. The organisation can use the funding however it wishes, and the expectations from the donor in terms of reporting and relationship management are minimal. Some organisations provide these donors with an update after a year, providing an overview of their work and giving specific examples of projects and results that the donor has contributed to over the past year.

2. Donation to a specific funding theme or geography

Many organisations, especially large national or multi-national organisations, offer new philanthropists the option of specifying how they would like their funding to be directed. For charities that work internationally, donors can specify the type of work they would like to support (eg, water or education) and/or the region where the work will be done (eg, south east Asia or Latin America). For foundations, the restriction could be to a specific strand of their grant-making (eg, grants to refugee community organisations). While the restrictions make the donors' funds more complex to manage and account for, some organisations value having donors specify how they would like the money directed, as they feel it enables donors to become more engaged, and hence give more.

At the outset of the relationship, the recipient organisation must agree the restriction with the donor and ensure that it is practicable—that it is within their current strategy and does not create operational difficulties (eg, by being too specific).

3. Donation to specific projects

Some organisations engage further with new philanthropists by suggesting specific projects that they could support. These are projects that the organisation may have supported out of their own funds in any case. However, allowing donors to select specific projects gives them a greater sense of what their funding is used for.

At the outset of the relationship, the recipient organisation must present options for projects that the donor could fund. A donor could choose to fund part or all of a project for one or more years. The organisation sends reports to the donor on how the project has progressed. Reporting practice varies—large international charities typically give brief quarterly reports and then a fuller update once a year has passed. Others, including NPC, provide only annual updates to donors.

4. A fund giving to projects *within* existing strategy

In the above three models, decisions are made on how the funding should be directed at the time the donation is received. For larger donations, it may be more appropriate to allocate funding to projects over a period of time, either because the donor desires it or because there is an insufficient need for funding for projects in the donor's area of interest at the time of the donation.

In this model, the donor gives funds to the recipient organisation and agrees the type of work that he or she is interested in funding. As suitable projects arise, the recipient organisation informs the donor who then chooses whether to contribute funding or not. As with model (3) above, update reports are sent to the donor.

This model is most frequently used by community foundations, in the funds they hold on behalf of donors. It is similar to how donor-advised funds, which are popular in the US, operate.

5. A fund giving to projects *outside* existing strategy

This model is similar to model (4) above, but involves the recipient organisation altering its work to accommodate the new philanthropist's wishes. This could include expanding its grant-making to give to more organisations within a specific theme or geography than it would otherwise, or giving to organisations in a related theme that is within mission but not part of the original strategy. For example, a donor might wish to fund a foundation working with excluded young people to fund charities aiming to improve parenting.

6. Joint initiative or collaboration

In a limited number of circumstances, where the new philanthropist is especially engaged and proposing to make a significant donation, the organisation and philanthropist can partner to create a joint initiative. Both the donor and the organisation are involved in setting the scope of the initiative, deciding on the grant-making process. The organisation is then responsible for executing the programme, but may draw on the donor to make decisions at other points in the process, such as selecting a final list of grantees.

Implications

If a foundation chooses to work with new philanthropists, there are a number of implications that vary depending on the models used.

- **Relationship management:** Managing relationships with new philanthropists takes time. The time required depends upon the level of the donor's engagement and the model used. For example, an unrestricted donation may involve responding to questions from the donor, sending an acknowledgement letter, and sending an update one year later. If the donor wishes to fund specific projects, a staff member must prepare a list of projects, explain them to the donor and agree which to fund. They also need to send the donor an update report from the project, and keep him or her informed if there are any unexpected changes, such as the grant being withdrawn or the purpose of the grant changing.
- **New processes:** Foundations may need to develop processes for reclaiming Gift Aid on donations and complying with rules on substantial donations.* If funds are restricted or allocated to specific projects, foundations need to ensure that they track the funds appropriately to avoid any risk of mishandling. Foundations may also need to produce reports for donors, either on their work in general, or on specific projects that donors have funded.
- **Impact on existing processes:** For models (1) to (4), the impact on existing processes for making grants should be minimal. One possible impact is if foundations ask donors for confirmation that they would like to fund a specific project, as in models (3) and (4), where they may need to ensure that the time that it takes to obtain sign-off from the donor is included in the timescales for their grant-making.
- **Influence on strategy:** In models (1) to (4), the foundation is giving to organisations it would have funded in any case, so there are no implications for its strategy. Options (5) or (6) require the foundation to make grants or launch initiatives that are outside its existing strategy.

Case study: Sharing learning

The Environmental Funders Network (EFN) provides opportunities for funders of environmental issues to meet and share ideas. It runs regular informal meetings, and membership is free.

EFN is open to funders of all types, although most members are professional foundations. Some individuals attend, and the director, Jon Cracknell, believes that they come because they are interested in drawing on other funders' knowledge. In particular, they are keen to gain insight into how other members decide which issues to support, for example, how they choose whether to focus on forestry or marine conservation.

Experienced funders can also help new donors to make sense of the landscape—learning who the big players in the sector are, what issues are being overlooked, and who funds who. This informal learning can be invaluable to new funders.

Some informal partnerships do emerge from EFN's work, such as grant-makers working together to tackle large, complicated problems. Cracknell believes that such partnerships between professional funders and new philanthropists are hard to establish, mainly due to cultural differences. New philanthropists might find some foundations old-fashioned and un-businesslike. Both sides may have prejudices about the other, feeling that they have nothing to learn from each other. However, Cracknell believes that such partnerships can be beneficial for both parties.

* Rules for substantial donations, considered to be over £25,000 in a single year or over £100,000 over six years, were introduced in the Finance Act 2006 but are currently being revised. The Government has suggested it will introduce new legislation in 2010.

- **Costs:** Foundations incur additional costs when they accept a donor's funding, both in terms of managing the relationship with the donor and in grant-making. The foundation could choose to absorb these costs itself or to charge them to the donor. For example, some organisations charge an administration fee when clients give to specific projects, to cover the cost of handling the funds, including reclaiming Gift Aid, and the cost of reporting.

Risks

There are a number of risks that foundations should be aware of if they choose to work with wealthy donors.

- **Compromising independence:** A foundation's independence is an asset and key to its ability to create impact. Some models require compromising with donors on what is funded and so these may present a risk. In other cases, a foundation should be clear with new philanthropists that beyond the instructions they may have given for how the funding should be used, their donation does not allow them any influence over strategy or funding decisions.
- **Distorting strategy:** There is a risk that if a foundation adopts model (5) or (6) to work with new philanthropists, it could negatively distort its strategy—either by distracting from its core work or by drawing it into making grants in areas it would not have otherwise.
- **Damaging donor relationships:** There is a risk that a mismatch of expectations could damage foundations' relationships with donors—for example, if donors change their mind about their chosen projects after they have committed to fund, or if they disagree with decisions made by foundations about which organisations they will or will not fund. This could damage a foundation's reputation and its ability to attract other donors. This risk can be mitigated by ensuring that the terms of engagement are clear to a donor at the outset of a relationship. A foundation could send donors a memorandum of understanding or similar outlining its principles in working with donors.
- **Damaging reputation:** Working with certain types of private donors could risk damaging a foundation's reputation—for example, where the donor has a public profile or has made his or her wealth in ways that do not fit with a foundation's values and mission. Large international charities and organisations such as NPC have policies to ensure that they do not work with donors who might present a significant reputational risk.
- **Failing collaborations:** The implications and risks of a joint initiative are similar to those of partnership-working between organisations. Cultural differences can cause issues throughout the partnership. The administrative costs will be particularly high, especially if the individual does not have the infrastructure to share the burden.

Photograph supplied by Kristian Buus

4. Building a market

Where the interests of new philanthropists and established foundations overlap, working together brings benefits to both parties. New philanthropists benefit from the experience, knowledge, networks and infrastructure that established funders have developed. Established funders gain an opportunity to use their resources to influence how other people's funding is used, informing the current and future giving of the donors they work with.

Established foundations can also learn from the fresh perspective and analysis that more engaged donors can bring. And collaborating with new philanthropists can make the foundation's voice more powerful when it publicises the work of grantees who are supported both by an expert funder and by a successful businessperson.

The barriers to collaboration

Given the benefits of collaboration and the experience that foundations have in collaborating with other foundations, it is in some ways surprising that collaborations with new philanthropists are not more frequent. Our research found only a few examples of established foundations working with new philanthropists. These partnerships were typically prompted by donors themselves, with foundations that solicit donations from the public and are well known to all types of donors.

NPC has identified several barriers to collaboration:

New philanthropists:

- are not aware that collaborating with existing foundations is an option for their giving;
- are not aware of the value of collaborating with existing foundations; and
- do not have access to appropriate networks to find partners—existing networks such as the Association of Charitable Foundations are focused primarily on foundation staff, rather than individuals, and tend to attract larger and/or more engaged foundations.

Established foundations:

- are not aware that partnering with new philanthropists is an option;
- do not publicise their willingness to have conversations with new philanthropists; and
- have concerns about the impact that receiving external funding may have on their culture, strategy and/or reputation.

Photograph supplied by Kristian Buus

Overcoming the barriers

Through its own work with new philanthropists and foundations, NPC has observed a need for greater knowledge-sharing between and within these two groups. As an organisation that works with both groups, NPC recognises that it has a role to play in facilitating these relationships. For example, we recently arranged an event for a group of foundations and new philanthropists to come together to discuss their experiences of funding internationally. We received positive feedback. We are now examining how we can build networks that meet the needs of both new philanthropists and established funders to encourage knowledge-sharing and partnering.

Photograph supplied by Chance UK

Conclusions

For foundations and new philanthropists, working together is an opportunity to advance their aims. By allowing their expertise, knowledge and infrastructure to guide funding from other donors, foundations will ensure that more funding is given effectively to the issues that they address. By working with foundations, new philanthropists can feel greater assurance about the effectiveness of their donations, and avoid investing time and resources in building their own knowledge and infrastructure.

If foundations choose to work with new philanthropists, they will need to consider carefully how to structure the relationship. There are a variety of models that organisations use to work with all sorts of HNWIs, depending on the degree of involvement that donors wish to have and that recipient organisations are willing to give. In most models, funding from donors would be added to a foundation's existing funding, enabling it to fund more organisations within its strategy.

However, working with new philanthropists does require some staff time to be spent on relationship management, donation handling and reporting back, depending on their level of engagement.

The benefits of foundations working together, where their interests overlap, has already been established, but there has been little collaboration with new philanthropists to date. In part, this is because there are no relevant networks to bring both together, but it is also because there is a cultural barrier. Breaking down this barrier and promoting knowledge-sharing and partnerships between new philanthropists and established foundations will enable both to have a greater impact.

Appendix: Options for donors

These organisations advise engaged, wealthy donors on how to direct their funding and provide feedback on what they have achieved.

Community foundations

Community foundations attract private funders to make grants in their local areas. Community foundations give grants to charities that are tackling disadvantage and exclusion in their local area. They manage individual donors' funds in order to help them to achieve a greater impact than individuals would have on their own. Individuals benefit from the local knowledge of the foundation to guide their funding.

Fundraising foundations

Fundraising foundations, such as BBC Children in Need and Comic Relief, have some experience of working with major donors. Because of their profile and brand from their retail fundraising, wealthy individuals (particularly celebrities) are attracted to them.

Non-fundraising foundations

Non-fundraising foundations are less likely to work with individual donors. However, they do often form partnerships or informal collaborations with other grant-makers, so if an individual is a particularly serious donor, a foundation might want to work with him or her (such as when the Bill and Melinda Gates Foundation accepted funding from Warren Buffett).

Philanthropy advisors

Donors can get independent advice on their giving from philanthropy advisors such as New Philanthropy Capital, the Institute for Philanthropy and Geneva Global. These offer a range of services from helping donors to scope out their areas of interest, to managing their funds. They can act as intermediaries and draw on their expertise of helping other funders and their knowledge of different sectors. They can carry out due diligence on organisations, and can organise the reporting back from grantees and monitor their performance more intensively than a busy individual is able to.

Operational charities

Operational charities, particularly large international charities, are able to work with individual donors to direct their giving. Because of the variety of the work that international charities do and the fact that they often work through local partners on the ground, they can act as a type of international grant-maker. They can talk a donor through the kinds of projects they have that need funding, provide them with proposals for different activities, and report back on their success. They might be able to be more flexible than grant-makers (for example, on reporting requirements), given that they are actually fundraising directly on behalf of projects.

Oxfam has made this element of its fundraising more explicit, through the launch of 'Projects Direct' last year.[4] This service allows donors to review the projects that Oxfam needs funding, and choose which one to support. They receive twice-yearly reports, and have the option of visiting the projects. The projects are activities that the charity was already planning to run, so the donors' funding does not influence its strategy.

Online giving portals

A number of new websites with the aim of connecting donors and projects have recently been established. For people giving smaller amounts, this includes sites such as GlobalGiving, where project workers on the ground upload information about their work—including in-depth descriptions and update reports—so potential donors can see what they will be supporting, and can track its progress.

One portal aimed at wealthier donors is The Big Give. Set up in early 2008, this website aims to match major donors to charity projects.

These types of portal have the advantage of putting a wide, easily-searchable choice of projects at donors' fingertips. However, they do not offer any due diligence or independent guidance about which projects to support. This is a significant shortcoming given that the sheer number and variety of options on the websites can be overwhelming.

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NPC's research

Published research

Research reports are focused on specific areas of charitable activity in the UK unless otherwise stated.

Community

- **Breaking the cycle:** *Charities working with people in prison and on release (2009)*
- **Short changed:** *Financial exclusion (2008)*
- **Lost property:** *Tackling homelessness in the UK (2008)*
- **Hard knock life:** *Violence against women (2008)*
- **When I'm 65:** *Ageing in 21st century Britain (2008)*
- **Not seen and not heard:** *Child abuse (2007)*
- **A long way to go:** *Young refugees and asylum seekers in the UK (2007)*
- **Home truths:** *Adult refugees and asylum seekers (2006)*
- **Inside and out:** *People in prison and life after release (2005)*
- **Grey matters:** *Growing older in deprived areas (2004)*
- **Side by side:** *Young people in divided communities (2004)*
- **Local action changing lives:** *Community organisations tackling poverty and social exclusion (2004)*
- **Charity begins at home:** *Domestic violence (2003)*

Education

- **Inspiring Scotland:** *14:19 Fund (2008)*
- **After the bell:** *Out of school hours activities for children and young people (2007)*
- **Lean on me:** *Mentoring for young people at risk (2007)*
- **Misspent youth:** *The costs of truancy and exclusion (2007)*
- **Read on:** *Literacy skills of young people (2007)*
- **On your marks:** *Young people in education (2006)*
- **What next?:** *Careers education and guidance for young people (2005)*
- **School's out?:** *Truancy and exclusion (2005)*
- **Making sense of SEN:** *Special educational needs (2004)*

Health and disability

- **Heads up:** *Mental health of children and young people (2008)*
- **A life less ordinary:** *People with autism (2007)*
- **What price an ordinary life?:** *Financial costs and benefits of supporting disabled children and their families (2007)*
- **Don't mind me:** *Adults with mental health problems (2006)*
- **Valuing short lives:** *Children with terminal conditions (2005)*
- **Ordinary lives:** *Disabled children and their families (2005)*
- **Out of the shadows:** *HIV/AIDS in Burundi, Democratic Republic of Congo and Rwanda (2005)*
- **The hidden assassin:** *Cancer in the UK (2004)*
- **Caring about dying:** *Palliative care and support for the terminally ill (2004)*
- **Rhetoric to action:** *HIV/AIDS in South Africa (2003)*

Environment

- **Green philanthropy:** *Funding charity solutions to environment problems (2007)*

International

- **Philanthropists without borders:** *Supporting charities in developing countries (2008)*
- **Going global:** *A review of international development funding by UK trusts and foundations (2007)*

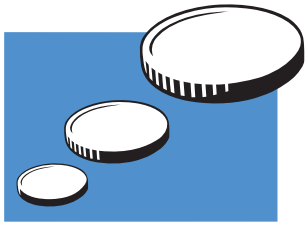
Cross-cutting research

- **Critical masses:** *Social campaigning (2008)*
- **Striking a chord:** *Using music to change lives (2006)*
- **Everyday cares:** *Daily centres in Italy and the UK (2009)*

Improving the charity sector

- **What place fro mergers between charities?** *(2009)*
- **Board matters:** *A review of charity trusteeship in the UK (2009)*
- **How are you getting on?** *Charities and funders on communicating results (2009)*
- **Granting success:** *Lessons for funders and charities (2009)*
- **Valuing potential:** *An SROI analysis on Columba 1400 (2008)*
- **More advice needed:** *The role of wealth advisors in offering philanthropy services to high-net-worth clients (2008)*
- **Turning the tables:** *Putting English charities in control of reporting (2008)*
- **Turning the tables:** *Putting Scottish charities in control of reporting (2008)*
- **On the bright side:** *Developing a questionnaire for charities to measure children's well-being (2008)*
- **Advice needed:** *The opportunities and challenges in philanthropy for ultra high net worth individuals and family offices (2007)*
- **Trading for the future:** *A five-year review of the work of the Execution Charitable Trust and New Philanthropy Capital (2007)*
- **Funding success:** *NPC's approach to analysing charities (2005)*
- **Surer Funding:** *Improving government funding of the voluntary sector (2004, published by acevo)*
- **Full cost recovery:** *A guide and toolkit on cost allocation (2004, published by NPC and acevo)*
- **Just the ticket:** *Understanding charity fundraising events (2003)*
- **Funding our future II:** *A manual to understand and allocate costs (2002, published by acevo)*

NPC's research reports and summaries are available to download free from www.philanthropycapital.org



New
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New Philanthropy Capital (NPC) is a charity that maximises the impact of donors and charities—it does this through independent research, tools for charities and advice for donors. Its research guides donors on how best to support causes such as cancer, education and mental health. As well as highlighting the areas of greatest need, NPC identifies charities that could use donations to best effect.

Using this research it advises clients and their trusted advisors, and helps them think through issues such as:

- Where is my support most needed, and what results could it achieve?
- Which organisation could make the best use of my money?
- What is the best way to support these organisations?

New Philanthropy Capital

3 Downstream 1 London Bridge London SE1 9BG

t: +44 (0)20 7785 6300 f: +44 (0)20 7785 6301

w: www.philanthropycapital.org e: info@philanthropycapital.org

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