

NEW PHILANTHROPY:  
BUILDING LASTING CHANGE

2016 BNP PARIBAS INDIVIDUAL  
PHILANTHROPY INDEX




**BNP PARIBAS**  
**WEALTH MANAGEMENT**

The bank  
for a changing  
world

As of the 2016 Index, results in most regions **have risen over the past four years**. The story this year is the Middle East, which has achieved the sharpest overall increase.

**Achieving a sustainable outcome is the second motivation** of philanthropists at 41%, after the cause itself (48%). To them, it is about **maintaining ongoing assistance** (70%), **eradicating the problem** (68%) or **creating self-sustaining program** (45%).

**Impact Investing** (54%) and **Collaborative Philanthropy** (53%) are considered as the top trends in achieving sustainable outcome.



BNP Paribas  
**Individual  
Philanthropy  
Index**

**Forbes**  
INSIGHTS



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# METHODOLOGY

This report analyzes individual giving in Europe, the United States, Asia and the Middle East based on the BNP Paribas Individual Philanthropy Index by Forbes Insights, which is geared toward the measurement of replicable, sustainable and efficient philanthropy. For example, in the highest-scoring regions, not only do individuals give the most, but they also approach philanthropy in an innovative way and actively promote their causes.

**THE DATA** is derived from a survey of 457 individuals—divided among the four regions and with at least \$5 million in investable assets—conducted by Forbes Insights from October to December 2015.

 **FOR A MAXIMUM SCORE OF 100**, a respondent would have to get the highest marks in three categories: Giving (Current and Projected), Innovation and Promotion.

 **FOR THE HIGHEST GIVING SCORE**, a philanthropist would have to currently donate at least 25% of his or her annual income to charity, and plan to leave at least 50% of his or her fortune to charitable causes.

 **FOR A TOP PROMOTION SCORE**, a philanthropist would also have to promote a charity or cause by using a variety of traditional and social media—such as granting interviews, writing opinion pieces, press releases, advertising, Facebook or Twitter—to advance their cause, as well as building their public reputation around their philanthropy.

 **FOR A TOP INNOVATION SCORE**, an individual would have to spend money effectively and employ tools to measure cost-effectiveness. Philanthropists would have to assess the impact of their initiatives via both quantitative and qualitative measures and have an exit strategy—from a public/private partnership to self-reliant community organizations, to eradicating the problem, for example—among other criteria.

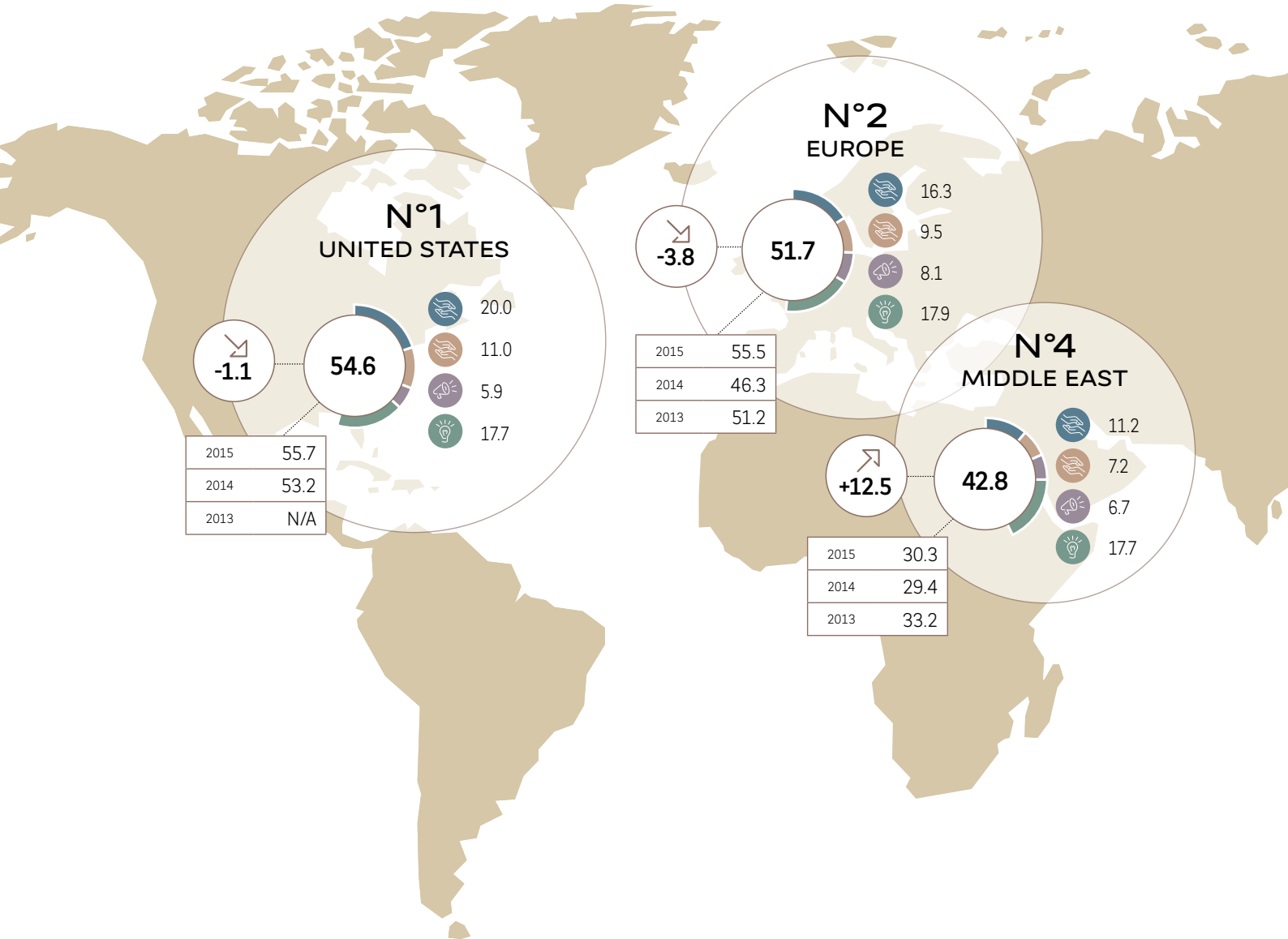
**THE WEIGHTING** afforded to the subcategories is 30% for Current Giving, 20% for Projected Giving and 25% each for Promotion and Innovation.







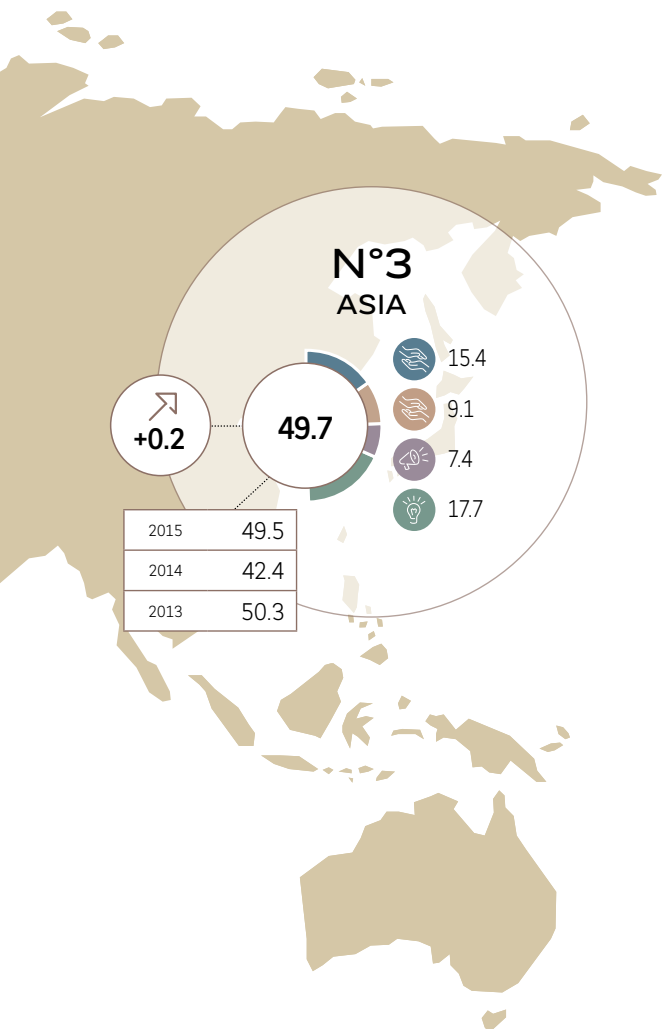
# 2016 INDEX RESULTS



The past year has solidified the rankings of the four regions surveyed by Forbes Insights and BNP Paribas Wealth Management. As in years prior, the United States tops the total ranking, followed by Europe, Asia and the Middle East.

The analysis of the trends shows that for the United States and Asia, the 2016 scores have been flat as compared with 2015. Europe has dropped the most since 2015, by 3.8 points. This slight decrease is caused by the smaller amounts of giving, as well as lower projected giving. This hopefully reflects more the impact of the current economy rather than a shift in philanthropic giving. Europe has held its own in terms of promotion and innovation since 2015.





## LEGEND



**CURRENT GIVING**  
(max score = 30)

reflects the percentage of annual income respondents said they give to philanthropy on average.



**PROJECTED GIVING**  
(max score = 20)

reflects the percentage of their total fortune they plan to eventually contribute.



**PROMOTION**  
(max score = 25)

reflects the extent to which respondents strive to publicize their charitable causes.



**INNOVATION**  
(max score = 25)

reflects the extent to which respondents said their philanthropic efforts take a results-oriented, entrepreneurial approach, with an emphasis on quantitative metrics, cost-effectiveness, sustainability of beneficial effects and replicability. (Other types of philanthropic innovation are outside the scope of this study)



**THE SUM OF THESE COMPONENTS**

equals the Total Index Score on a 0-100 scale. A perfect score of 100 would imply an ideal philanthropic world of extreme generosity, advocacy and effectiveness.

The story this year is the Middle East. While it remains in fourth place, it is no longer a distant fourth. The region has achieved the sharpest increase (12.5 points). *"This leap in philanthropic giving needs to be read in the context of the profound socio-political transformations taking place in the region... People from all walks of life are mobilizing their resources, whether monetary or in-kind, and taking collective action to respond to these humanitarian crises,"* according to Heba Abou Shnief, research advisor, The John

D. Gerhart Center for Philanthropy, Civic Engagement and Responsible Business, The American University in Cairo.

In the face of the fallout from conflict, health issues and youth unemployment, *"there's an increasing demand to try and professionalize philanthropy in the region, but by putting a Middle Eastern spin on it,"* says Nathalie Sauvanet, Global Head of Individual Philanthropy at BNP Paribas Wealth Management

# 2016 INDEX RESULTS



## GIVING SCORES

The United States remains a dominant leader in terms of amounts given or pledged to philanthropy. But in terms of the momentum, the trend analysis shows that the Middle East has been making the fastest strides among all regions. This is undoubtedly due to the enormous humanitarian needs in the region.

The individual generosity of the richest from the Middle East can match that of their Western counterparts. This past year Facebook's Mark Zuckerberg and Saudi Arabia's Prince Al Waleed bin Talal both vowed to devote their billionaire fortunes to their philanthropy. Prince Al Waleed pledged \$32 billion, making women's rights the focus of his philanthropy. Zuckerberg and his wife, after the birth of their daughter, vowed to give away 99% of their Facebook shares to philanthropy during their lifetimes.

CURRENT GIVING (max 30)				
	2016	2015	2014	2013
UNITED STATES	20.0	20.6	18.8	NA
EUROPE	16.3	18.3	16.3	17.1
ASIA	15.4	16.5	14.3	16.2
MIDDLE EAST	11.2	7.3	7.4	9.9

PROJECTED GIVING (max 20)				
	2016	2015	2014	2013
UNITED STATES	11.0	11.9	11.5	NA
EUROPE	9.5	11.3	9.5	9.3
ASIA	9.1	9.0	8.3	9.0
MIDDLE EAST	7.2	5.8	5.1	5.4

PROMOTION (max 25)				
	2016	2015	2014	2013
EUROPE	8.1	8.0	6.5	10.4
ASIA	7.4	6.9	5.2	9.8
MIDDLE EAST	6.7	4.2	2.7	3.8
UNITED STATES	5.9	6.0	7.2	NA



## PROMOTION SCORES

The rankings in the promotion category do not reflect the order of the total rankings, with Europe and Asia taking a lead, while the United States and the Middle East lag slightly. Europe maintains its number one position, with a robust philanthropic sector and a huge humanitarian need at its doorstep. Promotion is often seen by philanthropists as blowing their own horn. Current needs facing Europe often turn the conversations to geopolitical issues, which cannot be misconstrued as self-promotion.

The similarity between the United States and the Middle East in terms of promotion derives from the importance of faith as a cause of giving, and the attitude of modesty it engenders. Additionally, many philanthropists in the United States do not need to promote their causes, as they give to a more developed network of existing organizations, which assume the role of promoting their causes.

INNOVATION (max 25)				
	2016	2015	2014	2013
EUROPE	17.9	17.9	14.0	14.4
ASIA	17.7	17.1	14.6	15.3
UNITED STATES	17.7	17.2	15.7	NA
MIDDLE EAST	17.7	13.0	14.2	14.1



## INNOVATION SCORES

Europe holds on to its lead in innovation. Philanthropy advisers agree that Europe has been catching fire in terms of innovation.

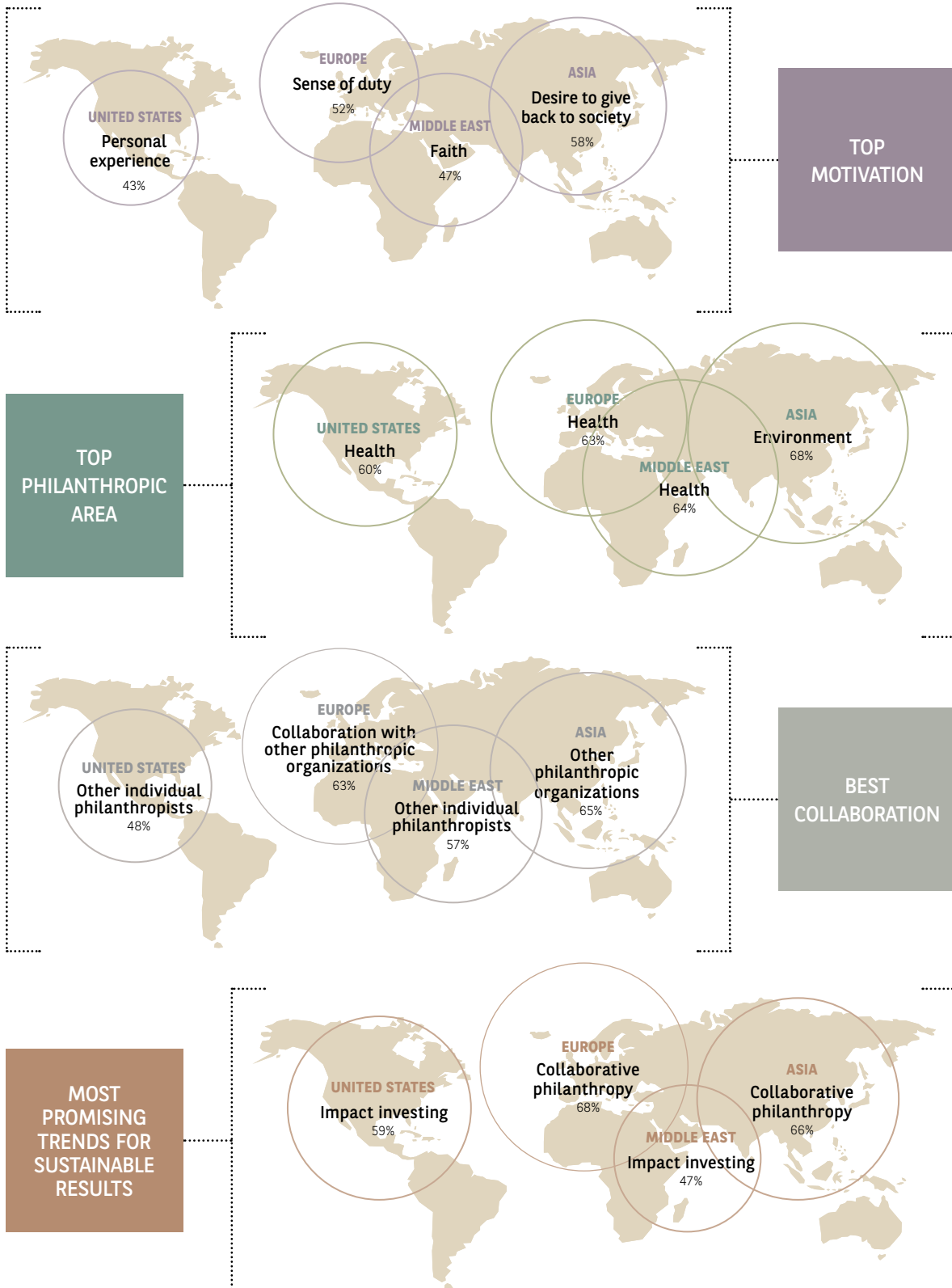
Ashling Cashmore, Individual Philanthropy Adviser at BNP Paribas Wealth Management, observes that clients are less focused on only starting their own foundations, as has been the case in the past, but are increasingly interested in new areas such as impact investing. *"They are willing to explore new approaches and innovate,"* she says.

In fact, some of this year's most innovative philanthropists featured in the report come from Europe. For example, a young gamer in Belgium is tapping into the money stream generated by gaming fans and trying to divert a portion of it to philanthropy. A French technology entrepreneur is applying startup thinking to create new funding solutions.

Although Europe currently has a slight lead, the innovation scores for all other regions are identical, showing the increased readiness to reform philanthropy in all regions.

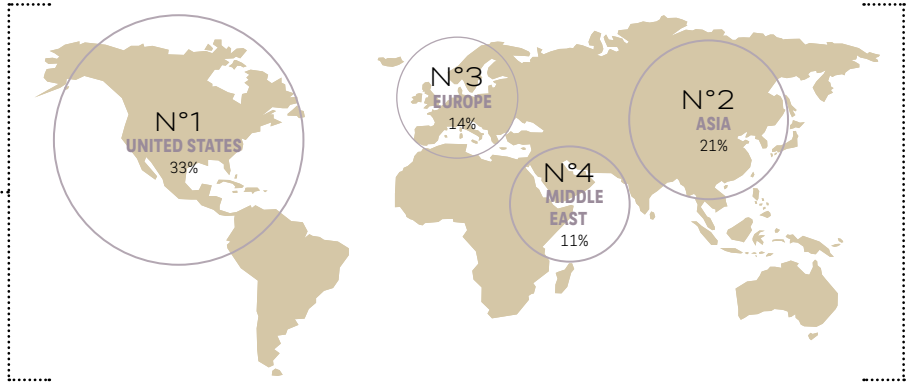
# REGIONAL PROFILES

“Health” is his top cause, with the exception of Asia choosing “Environment”. He is very keen on **working with others**, whether it is with other **philanthropic organizations** (54%) or **individual philanthropists** (53%). From 13% in the Middle East to 38% in the United States, **he plans to leave at least 1/3 of his fortune to charity**.



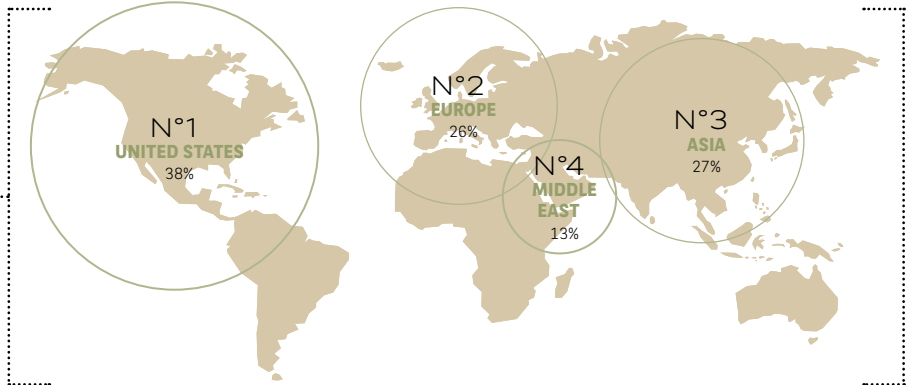


INVESTMENTS  
COMPLETELY  
ALIGNED WITH  
PHILANTHROPY



PREVALENT  
TYPE OF GIVING

PLAN TO LEAVE  
AT LEAST A THIRD  
OF FORTUNE  
TO CHARITY



# CREATING LASTING CHANGE

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How can philanthropy make a permanent difference?

How to achieve lasting change?

Do philanthropists consider a sustainable, long-term outcome, or are they more emotional about their giving?



**R**esoundingly, philanthropists declare their goal to be effecting permanent change, according to a survey of 457 philanthropists conducted by Forbes Insights. In fact, achieving a sustainable outcome is the second most important reason influencing their giving globally, after the cause.

How to achieve a sustainable outcome is the topic of this year's report. We look at it through a pragmatic lens—examining, for instance, the problem of securing funding—but we also take a broader perspective and consider the correlation between a philanthropist's own lifestyle and a social commitment to achieving sustainable outcomes. Interviews with philanthropists from around the world illustrate how they try to ensure they will make a lasting change in terms of creating impact on the ground as well as the longevity of their charitable organization.

## KEY FINDINGS



### OUTCOMES

Philanthropists aim high. The main outcome they seek to achieve is a sustainable program/initiative that is creating or funding an organization that provides ongoing assistance (70%). That is followed by, when possible, eradicating the problem completely (68%). A self-sustaining program initiative, such as teaching skills so that beneficiaries can make a profit, lags at 45%.



### RESOURCES

Advisors are necessary to achieve sustainable results, according to a majority of philanthropists (61%). Advisors are in the top five when ranked by effectiveness (58%), following family and focus area experts.



### FUNDING

Sustainable outcomes are not possible without a continuous money flow. Securing steady, ongoing funding is thus the most favored method of financing projects (70%). This is followed by creating a self-sustaining organization, or a charity that can make a profit and keep it going (57%). There is global agreement that ongoing fundraising is the least desirable form of funding (19%).



### GIVING AND LIVING

Is philanthropy separate, or is it an integral part of life? The opinions are evenly divided. For half of respondents, philanthropy and their lives are integrated, as they have their investments, business activities and lifestyle aligned with their philanthropic goals.



### COLLABORATION

Working with another philanthropic organization is by far the surest way to achieve a sustainable outcome (54%). The extremes—either collaborating with multiple entities (17%) or going solo (26%)—are not seen as effective. Interestingly, cooperation with the government also did not get high marks (23%), even though in conversations philanthropists tend to stress that partnering with the government can lead to a significant scaling up or be a very effective exit strategy.



### GIVING AND SOCIETY

Which comes first? Social commitment or giving? Social commitment and philanthropy are, in fact, deeply intertwined. So much so that it's hard to delineate the cause-and-effect relationship between them. For roughly half of philanthropists, it is the social commitment that guides their philanthropy, and for the other half it is the reverse. While it may be hard to determine whether social commitment drives philanthropy or vice versa, it is the co-existence of both that leads to sustainable outcomes (65%).

# MAKING CHANGE STICK

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How important is sustainable outcome for philanthropists?

Is philanthropy a feel-good activity?

Do philanthropists give in order to increase their profile?

Or do they aim to cause real and lasting change for the better?

How do they know the best solutions?

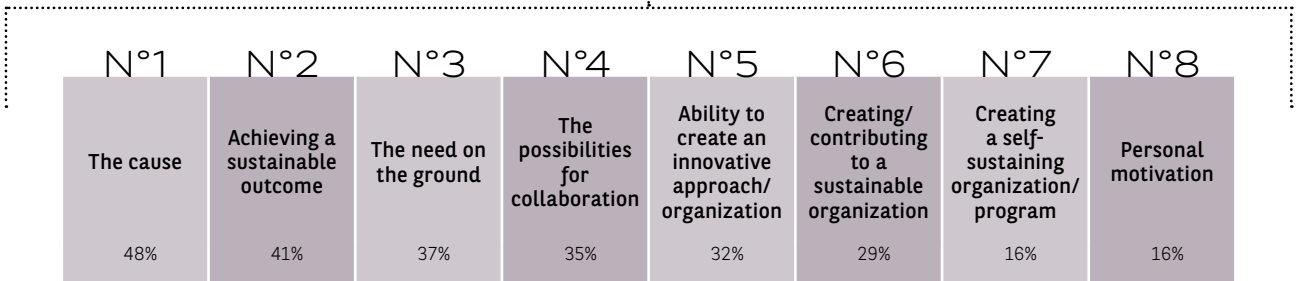
The answer to this last question is, in fact, the theme of this year's report. In this section of the report we look at sustainability from the point of view of the beneficiary—the long-term effect on the life in need.

Achieving a sustainable outcome is the second most important factor influencing surveyed philanthropists' giving globally (after the cause). Asian philanthropists seem the most pragmatic and goal-oriented, as for them a sustainable outcome is the number one factor that influences their giving.

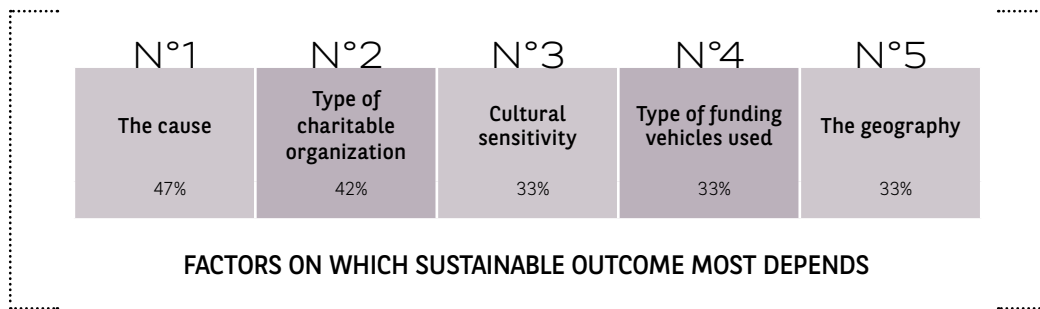




## What are the top factors influencing your giving?



The success rates do not seem to vary in terms of the type of sustainable outcome, with a slight edge going to initiatives dealing with a current need (70%), as compared with creating a self-sustaining organization (64%). Sustainability rates do not vary significantly by cause, with education leading to the most sustainable outcomes (67%) and poverty to the least (58%).



It was the sustainability factor embedded in the cause that led **SAMAR SAYEGH**, member of the board of the Al Sayegh Group, to follow in her father's footsteps to become the Goodwill Ambassador for IIMSAM (the Intergovernmental

Institution for the Use of Micro-algae Spirulina Against Malnutrition). The organization promises to help farmers in Africa grow the special, nutritious algae and also start selling it globally to create both an inexpensive nutritious supplement and a sustainable solution.



For **JACQUELINE DELIA BREMOND**, co-founder/co-chair of Fondation Ensemble, it is the big-picture environmental sustainability of our planet that is her mission. "We are all interconnected with nature, and we

have a common future," she says. That is why she named the foundation Ensemble, "Together."

Bremond thinks globally but acts locally, though in a number of countries around the world. The foundation operates in four sectors: sustainable agriculture and fishing, land and marine biodiversity preservation and

sustainable technologies. Each project proposal is vetted by a board of 35 volunteer experts and also assessed for its feasibility. If the political situation becomes too dangerous and prevents the team from monitoring the work on the ground, the foundation completes its projects, but does not initiate new projects in the area.

Over the last 10 years, the foundation has funded 240 projects in Africa, South America and Asia. In Mozambique, the foundation works on developing sustainable fishing practices and better living conditions. One of the projects, "Ocean Revolution," allowed Mozambican men and women, for the first time, to become professional divers. "The success of a program often rests on the shoulders of women, so it's crucial that we help women develop and reinforce their capacities as much as we can," says Bremond.

By now, the total number of beneficiaries has reached more than 5 million people through programs of varying sizes. "It is the responsibility of us all to change the world one person at a time," says Bremond.

A scenic view of a mountain range at sunset or sunrise, with the word "SUSTAINABILITY" overlaid in large white letters. The sky is a warm, golden yellow, and the mountains are silhouetted against the light. The foreground shows a dark, rocky slope with some sparse vegetation.

# SUSTAINABILITY



# OBJECTIVES

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Creating a Self-Sustaining Organization

# SUSTAINABILITY OBJECTIVES

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**P**hilanthropists remain realistic about what's possible. The main sustainable outcome they seek to achieve is a sustainable program/initiative, defined as an organization with continuous funding. That is followed by, when possible, eradicating the problem completely. American philanthropists stand out with their all-or-nothing attitude, as for them eradicating the problem is the top goal of their philanthropy.

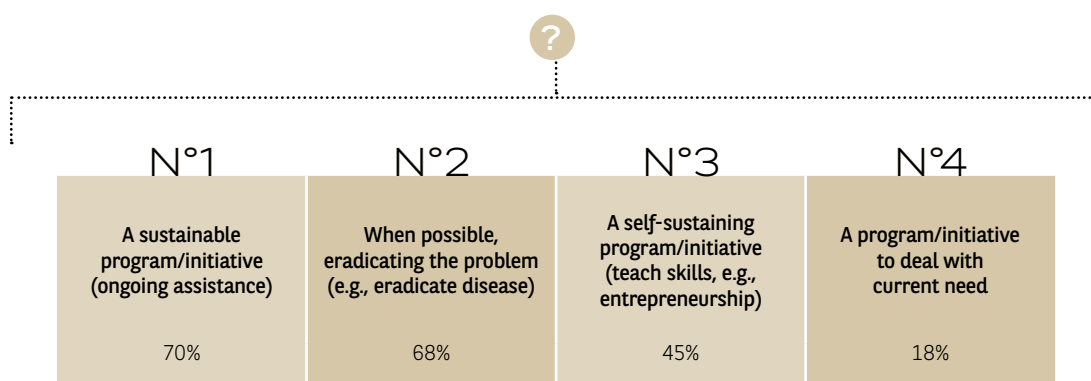
How sustainable a philanthropic project becomes is, of course, to some degree dependent on its final goal. "The old-school philanthropists tend to look at very tangible, output-focused projects, whereas the newer philanthropists are tending to look at how to tackle issues," says James Newell of Kingston Smith, a U.K. charity auditor.

Almost half (45%) of philanthropists aim at creating a self-sustaining organization, where beneficiaries can start making profits themselves. Just 18% aim to achieve sustainable results when delivering humanitarian aid.

Sixty-eight percent aim to eradicate the problem, such as a disease. Debra Miller, who was featured in 2015 BNP Paribas Individual Philanthropy Report, is the founder of a venture philanthropy organization called CureDuchenne. It aims to cure Duchenne, a fast-moving, progressive muscle-wasting disease, which affects mostly boys.

While finding the cure is still her goal, she is also focused on the sustainability. In her case this means keeping the Duchenne-stricken boys healthy, with treatments that include physical therapy. "It's going to be many years until we have a true cure. In the meantime, we have to make sure that the kids are as healthy as possible, so that when it does come time for a treatment they can take advantage of it," she says.

What are the goals of your philanthropy in terms of sustainability of outcomes?







*It's going to be many years until we have a true cure. In the meantime, we have to make sure that the kids are as healthy as possible, so that when it does come time for a treatment they can take advantage of it."* DEBRA MILLER

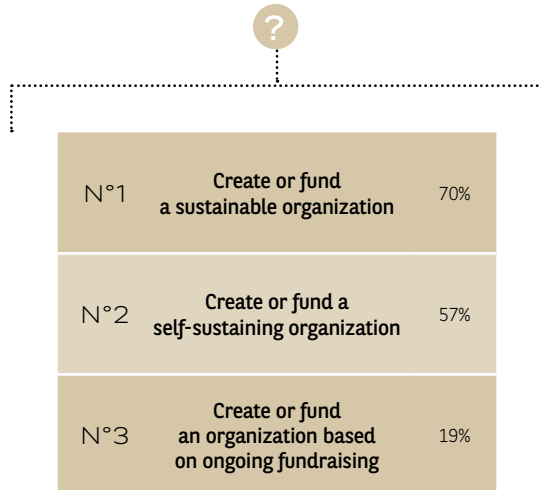


# BUILDING A SUSTAINABLE ORGANIZATION

Creating a sustainable organization, one that has a secured a continual money flow, is a must-have to achieve sustainable results. It is no wonder that securing steady, ongoing funding is the most favored method of financing projects among philanthropists (70%).



What are the goals of your philanthropy in terms of financial sustainability?

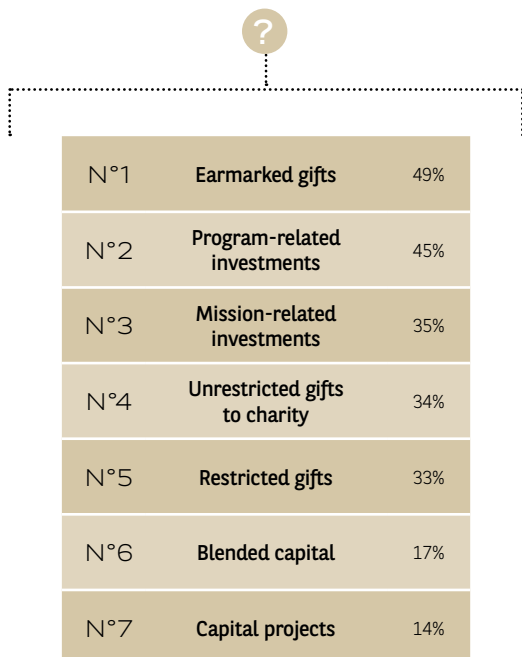


Many philanthropists choose to create or fund organizations with their own resources **ALEXANDRE MARS**, Tech Entrepreneur and Founder of Epic Foundation, covers all of Epic's overhead costs, which amounted to more than \$1 million in 2015. The foundation distributes 100% of the donor funds to the portfolio organizations. *"Our aim is to provide each organization with crucially needed multi-year funding so they can scale their impact,"* says Mars.



**HALA FADEL** aims to "teach people how to fish," by promoting entrepreneurship in the Middle East. *"I think the Middle East needs to invest in its talent through education and empowerment,"* she says. She is the Founder and Chair of the MIT Enterprise Forum of the pan-Arab region, a group that organizes, among other things, the MIT Arab Startup Competition. She recently founded MIT Technology Review Arabic—the Arabic edition of MIT Technology Review magazine. It covers science and innovation in the Arab region.

Which of these forms of funding are the most effective for achieving sustainable outcomes?



**DEE DEE CHAN** is the Director of the Hong Kong-based Seal of Love Charitable Foundation, started by the Chan family. Its mission is to help those who are dedicated to helping others. To this end the foundation supports many NGOs focused on education. As a former banker, Chan manages family funds. It is her task to make sure that the income stream will be sustainable, and the foundation will be able to fund the projects until such time that they're truly ready to stand on their own.

Coming from a business background, she works with partner NGOs on the ground to make sure that they apply some business principles and set quantitative and qualitative key performance indicators to follow their progress. *“But our personal experience is that it’s a very long and very laborious process to try and make NGOs into businesses when that’s just not their DNA,”* she says.

The foundation began its journey in philanthropy in Southeast Asian countries, because *“one dollar in Cambodia goes a lot farther in making an impact than one dollar in Hong Kong,”* says Chan. But this rational approach to money began to shift after the family, while driving through a poor area of Hong Kong, came upon a community center with Chan’s grandfather’s name on it. The family had not been aware that he was a philanthropist. The Chans have since built upon the activities of the elderly community center in the same neighborhood that was once helped by their grandfather, and are making plans to expand with a traditional Chinese medicine clinic.



To ensure continuous help, the family of **MONA AL MOAYYED**, Managing Director at Y.K. Al Moayyed and Sons, created a fund in 2013, the Yousef and Aysha Al Moayyed charitable fund, which spends a percentage of the company’s profit on causes such as education, health and NGOs in Bahrain.



To create a steady revenue stream for philanthropy, **BACHIR BOUMAAZA**, a Belgian gamer, tapped into the money generated by the gaming industry. He created a site called Gaming for Good, which allows fans who follow gamers to donate to charity.



Having the philanthropic organization itself generate ongoing income is the most desired funding situation (70%) among philanthropists.

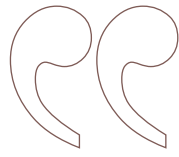
**JIM FRUCHTERMAN**, Founder of a technology not-for-profit, Benetech, is almost there. Benetech delivers books to the disabled, acting, in effect, like a not-for-profit Amazon. The books come in English, Spanish, Hindi, Tamil and Arabic. The majority of readers (80%) are dyslexic, 15% are blind, and the rest are people with physical disabilities that prevent them from holding a book. With 350,000 subscribers, which include schools, libraries and governments, Benetech makes about \$14 million, covering 85% of Fruchterman’s costs.

*“In Hong Kong, the high rent is a problem for many organizations, says Christina Lee, Head of Philanthropy Services, Asia-Pacific BNP Paribas Wealth Management. BNP Paribas Wealth Management organized a next-generation program which includes philanthropy as one of the key elements. Soon after the program, one of the attendees, a daughter of a wealthy Hong Kong-based family, persuaded her relatives to provide rent-free space in their building to house charitable organizations that help under-privileged children. The philanthropy services team of BNP Paribas Wealth Management in Hong Kong is currently helping to identify such organizations.”*

Keeping costs low should not be used to justify underfunding philanthropic organizations. The often quoted 80/20 rule that no more than 20% of funds should go to administration no longer holds, according to the panelists at the Philanthropy Awards event organized by Bank of the West, a subsidiary of BNP Paribas. They stressed that only paying salaries comparable to the private sector and allowing for some risk-taking will ensure innovation and impact.

Chan agrees: *“When a philanthropic organization is in the hands of the right management and you as a philanthropist do your due diligence, you understand that there are some organizations that absolutely need to use more overhead.”*





*When a philanthropic organization is in the hands of the right management and you as a philanthropist do your due diligence, you understand that there are some organizations that absolutely need to use more overhead.”* DEE DEE CHAN





# GAMING FOR GOOD



*"I consider myself a philanthropist. To me, fundraising is not the goal. It's not the end. Fundraising to me is just a means."*

**BACHIR BOUMAAZA**

Bachir Boumaaza, a Belgian gamer known to his fans around the world as the character called Athene, soon realized that using his YouTube channels to raise money for charity was not, in the long term, sustainable. For example, one offer he made to his 750,000 followers: they could request him to shave parts of his head if they donated a certain amount to charity. By the time he was totally bald, he had raised \$180,000. But Boumaaza realized that gimmicks would take him only so far, and that his fame will inevitably fade as he is eventually eclipsed by younger gamers.

To create a sustainable revenue flow for philanthropy, he is tapping into the money stream generated by gamers. The best and most popular gamers have their live streams on an Amazon-owned social network for gamers called Twitch. Fans who watch their streams send gamers donations, in effect, supporting them to make sure they will continue to be able to stream. This is big money.

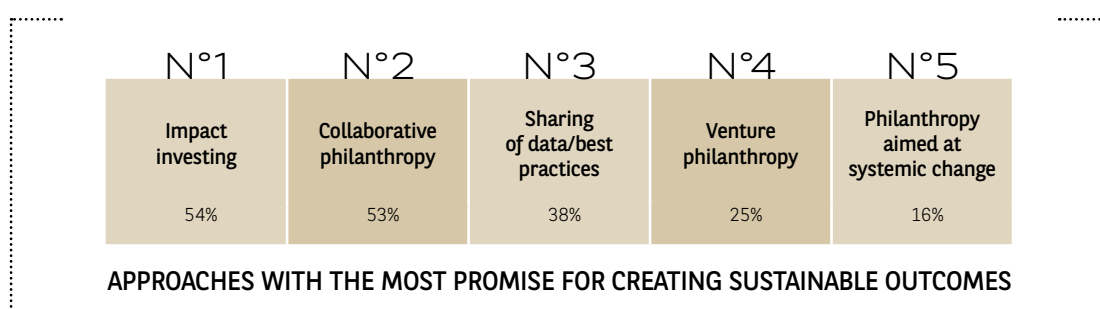
Boumaaza created a platform for gamers called GamingForGood.net, and has contacted thousands of gamers, asking them to join it. So far, 2,500 have. The platform allows fans who send money to request that gamers donate a specific portion of it to charity. Boumaaza attracts gamers to his platform by adding functionalities, such as a music player, which gamers may not have on their own sites. So far, Boumaaza has raised some \$22 million for Save the Children, which is currently the only charity gamers' fans are able to donate to on the site.

Boumaaza chose to raise money for Save the Children's newborn survival programs because his idol, Bill Gates, has said it's one of the most effective ways to help children. Boumaaza is planning to add more charities for fans to donate to in the future. Asked if he is a fundraiser or a philanthropist, Boumaaza says: *"I consider myself a philanthropist. To me, fundraising is not the goal. It's not the end. Fundraising to me is just a means."*

# IMPACT INVESTING AND COLLABORATIVE PHILANTHROPY

Simply giving is not enough. *“What I hear over and over again from nonprofits is that there’s just not enough money to solve homelessness, poverty or the income inequality gap. But what I’m seeing more and more of is people who are willing to leverage their*

*philanthropic goals with their financial portfolio,”* says Julie Shafer, Head of Strategic Philanthropy and purpose investing at Bank of the West, part of the BNP Paribas Group.



Impact investing—or investing strategies in which achieving social good is at least as important as financial returns—is the most promising approach for creating sustainable outcomes.

The amount of current assets under management devoted to impact investing is estimated to reach between \$400 billion and \$3 trillion by 2020.<sup>1</sup> An impressive number, but less so when put in perspective: total assets under management are expected to grow to \$102 trillion by 2020.<sup>2</sup>

There are several reasons to believe that the growth of impact investing will accelerate, according to Glenn Yago, founder of the Financial Innovation Lab at the Milken Institute.

First, Millennials (those born from the early 1980s to the early 2000s) are altruistic and want to make sure their investments will lead to social outcomes. For example, a Spectrem Group study found that 45% of wealthy Millennials want to use their money to help others and consider social responsibility a factor when making investment decisions, according to the Stanford Social Innovation Review.

Second, impact investing and traditional for-profit investing have been permeating each other. Credit rating agency Standard & Poor’s changed its ratings

analysis for multiple corporations based on their social and environmental results. ESG (Environmental, Social, Corporate Governance) metrics have become a common measure of corporations for investors and asset managers.

Epic’s Mars is connecting the next generation of donors with its portfolio organizations, which are saving lives and empowering children and youth globally. He does it via global roadshows, much the way for-profit corporations raise money or market themselves to investors before going public.

*“What we hope for is that impact investing will just simply become the way people invest,”* says Shafer. In fact, a majority of philanthropists already believe that strategies such as divesting from fossil fuels are important for achieving sustainability.

Fondation Ensemble has recently joined the Divest-Invest movement. The global Divest-Invest movement now includes more than 500 organizations worth more than \$3.4 trillion, pledging to avoid investing in the world’s top 200 fossil fuel producers, and to devote at least 5% of their portfolio to investments such as clean energy, sustainable agriculture and local business. *“We are all connected, we all need to think about our way of life and consumption habits,”* says Bremond.

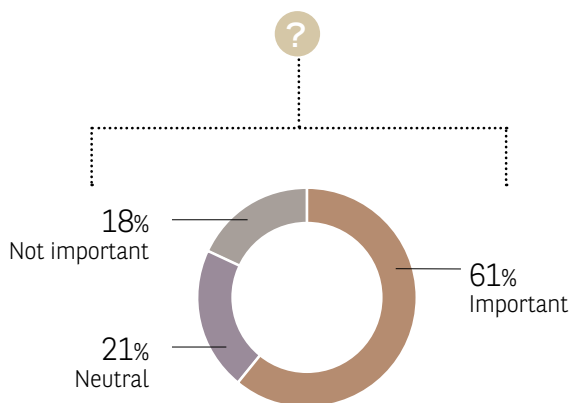
<sup>1</sup> Impact Investments: An Emerging Asset Class, J.P. Morgan, Rockefeller Foundation, and the Global Impact Investing Network 2010.

<sup>2</sup> Asset Management 2020: A brave new world, PwC.





What is the importance of broad initiatives, such as the campaigns to divest from fossil fuels, for achieving sustainable outcomes?"



Third, investors lost so much money in 2008 on for-profit financial products that were considered high grade that "they realized the importance of investing in new areas. This makes impact investing more desirable. While the profits can never be certain with any kind of investment, with impact investing there is a built-in guarantee of social good.

*"In the past, people separated investing and philanthropy. You made money, and then you made up for it by giving it away. But now smart investors are seeing the holistic opportunities to make real impact and profit in the ecosystem of socially good, for-profit business,"* says



**RAMONA LIBEROFF**, CEO of Spring Accelerator, which accelerates businesses transforming the lives of adolescent girls living in poverty across East Africa and South Asia. She herself backed

a startup, Extremis Technologies, a maker of pop-up disaster relief shelters, rather than send money for disaster relief. While the latter is needed as well, says Liberoff, crises also yield resourceful and user-centric innovations worth investing in.

# CREATING A SELF-SUSTAINING ORGANIZATION



Creating a self-sustaining organization is a goal for less than half of philanthropists surveyed by Forbes Insights. That was the goal for the Millennium Villages Project, a \$120 million effort intended to show the world that it's possible to lift African villages out of poverty, described in Nina Munk's award-winning book, *The Idealist: Jeffrey Sachs and the Quest to End Poverty*.

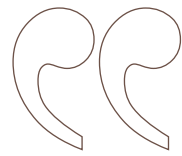
In the case of the Millennium Villages Project, what donors mean by "sustainable" is that their funding will phase out as the projects become self-funding or self-sufficient. A poor farmer in rural Uganda, for example, who receives free or subsidized fertilizer and high-yield seeds will then have excess maize or beans that can be sold at market, giving him the necessary capital to buy his own fertilizer and high-yield seeds. At least, that's how it's supposed to work.

But Munk told Forbes Insights: *"Very often, however, outcomes are unpredictable. If there are no paved roads or trucks to link that farmer to markets, how will he sell his excess maize? If the rains don't come, and his crop is wiped out, what then? Or what if he sells the maize at a profit, then spends it all on the local moonshine, a banana gin called waragi?"*

Instead of becoming disillusioned with achieving self-sufficiency on the ground after her work on the Millennium Villages Project, Munk takes a more philosophical and contrarian view. *"We all want our philanthropy to be sustainable, but there is no way to guarantee which of your charitable dollars will have a lasting impact. And maybe that's okay,"* she says.

*"Yes, we should demand rigorous evaluations of our philanthropy. We have to be transparent and honest about our mistakes so that we don't repeat them. But more and more, when philanthropists ask me how they can ensure a sustainable outcome, I say, go with your heart, because, when it comes to charitable giving, there is no guarantee. To focus on metrics, on sustainability and scalability, is to reduce to abstractions the lives of the very people you're trying to help. There's no shame in doing good—even if that work isn't always sustainable,"* she says.





*To focus on metrics,  
on sustainability and scalability, is  
to reduce to abstractions the lives  
of the very people you're trying to help."*



© Mark Schäfer

**NINA MUNK**





# CRUCIAL CHOICES: BEST COLLABORATIONS



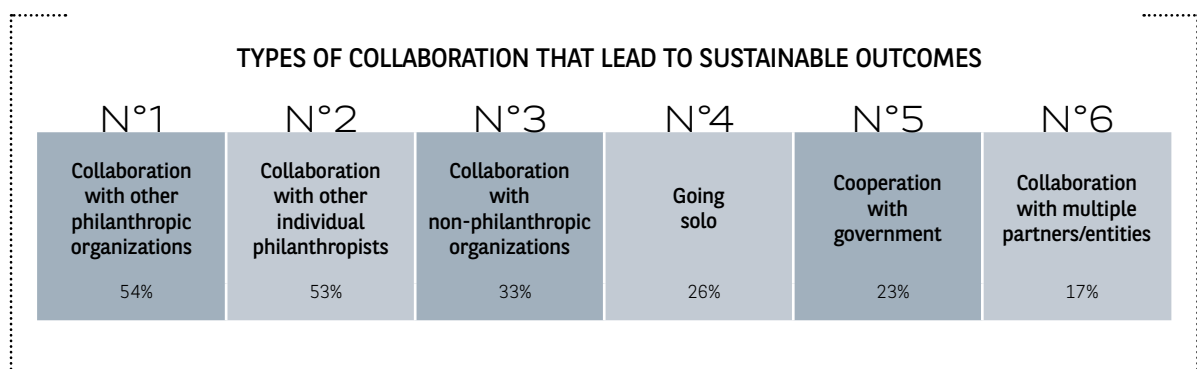
How to achieve a sustainable outcome?

What does it depend on?

Are there any decisions that a philanthropist can make that would lead to sustainable outcomes?

The cause is the most important decision in this regard, as it is the most critical factor, followed by the type of charitable organization chosen. For American philanthropists, it is predominantly the cause (67%) that is decisive. For Europeans and Asians, sustainable success is most defined by the type of a charitable organization used. Europeans also rank cultural sensitivity as the second most important factor, higher than philanthropists from other regions.

The next decision to make is whether to collaborate and with whom. Collaborating with each other or another philanthropic organization is by far the surest way to achieve a sustainable outcome (54% and 53% respectively). The extremes—either collaborating with multiple entities or going solo—are not seen as effective. Interestingly, cooperation with the government also did not get high marks, even though in conversations philanthropists tend to stress that partnering with the government can lead to a significant scaling up or be a very effective exit strategy.





**RESOURCES THAT OFFER THE MOST HELPFUL  
ADVICE TO ACHIEVE SUSTAINABLE OUTCOMES**

Family/relatives	59%
Peer exchanges	58%
Online research	58%
Philanthropy advisors/agencies	57%
External experts in the area of focus	57%
Family offices	55%
Conferences	54%
Databases	53%
Attorneys	53%
Private banks*	52%
Technology consultants	51%

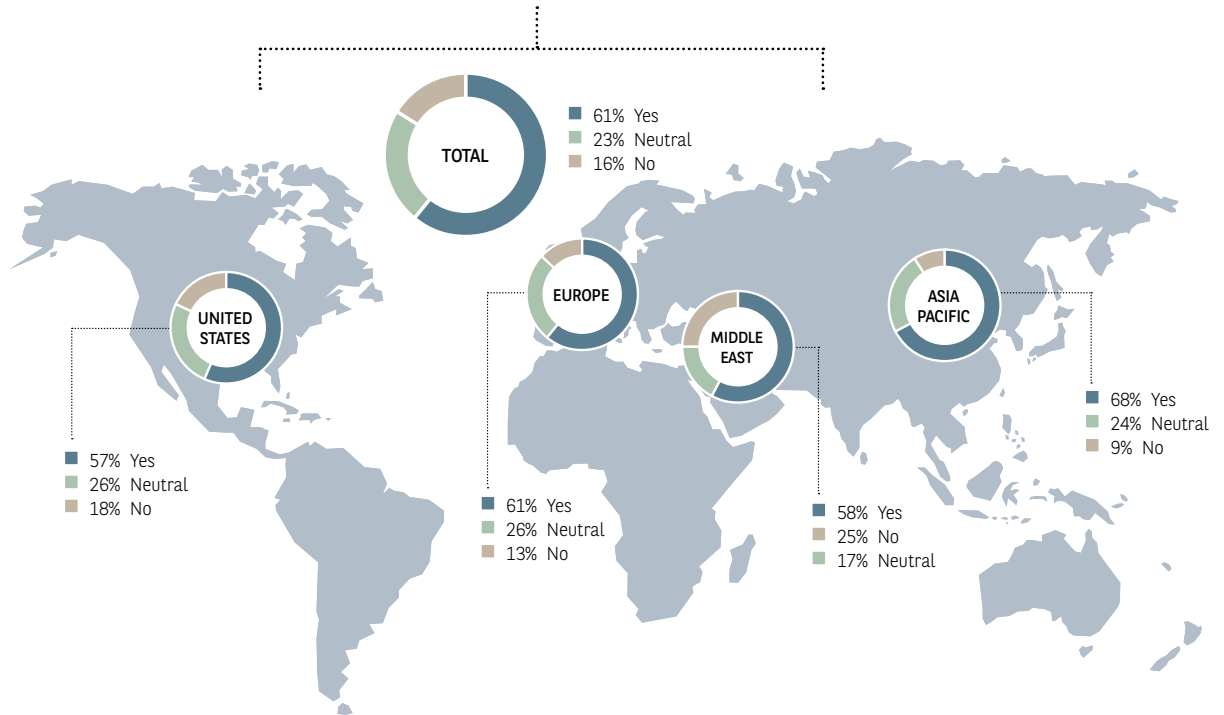
\*philanthropy advisory department

Collaborative philanthropy is among the most effective and promising trend in giving globally. For Europe and Asia, it is collaborative philanthropy that's number one, while the U.S. and the Middle East favor impact investing. It is also in collaboration that most of the experimenting happens, with 56% of philanthropists willing to go outside their comfort zone in this area.

For Benetech's Fruchterman, collaboration is the backbone of his philanthropic activity. *"That's the nature of being a tech person. You build the word processor, but someone else writes the great story."* Benetech's story is written by major foundations or government agencies who buy his technologies for the disabled, as well as individual philanthropists. The latter provide not only money but also technical know-how.



## Are advisors necessary?



**DOMINIKA KULCZYK**, founder of the Kulczyk Foundation in Poland, which supports infrastructure projects and social investments in developing countries, believes her foundation can learn from some NGOs how to help strategically and effectively, and then teach some other NGOs how to do the very same thing. However, she admits that *“the challenges are numerous, and most of them can be attributed to lack of professionalization in the NGO sector”*.

Achieving sustainable results is easier with philanthropy advisors, according to a majority of philanthropists (57%) —advisors slightly trail family and relatives and peer exchanges in that regard. Asians see the role of advisors as the most important, and American and Middle Eastern philanthropists a little less so. The similarity between the United States and the Middle East is not random. The research has discovered over the years that the views of American and Middle Eastern philanthropists tend to correlate on many issues.





# MEASUREMENT AND MONITORING

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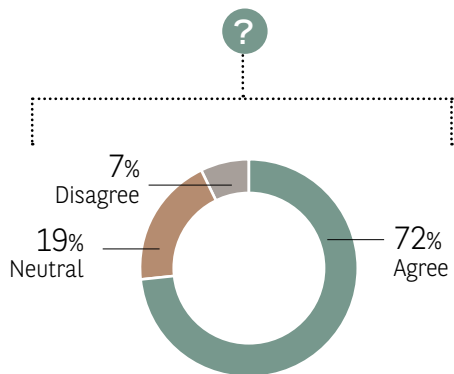
“*The non-profit world is broken. There are so many people with money and the will to do more, but who do not have enough knowledge. We offer the 2.0 model for philanthropy.*”

ALEXANDRE MARS

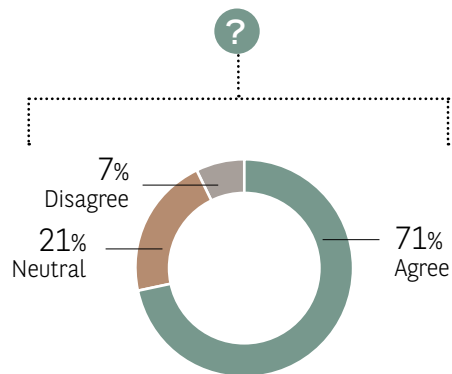
Only measurement can attest to the sustainability of a project. But long-term measurement is tricky for various reasons. It is difficult and expensive to follow a cohort of people for a long time, and it requires analytics skills that NGOs do not always have. The corporate world is currently investing heavily in data and analytics, which uses the reams of data to improve results and even project future demand. Donors are also demanding more and more impact data. More than two-thirds say that quantitative measurement of the effects of their philanthropy is important to them and that they use such measures to assess future giving.



Quantitative measurement of the effects of my philanthropy is important



I use quantitative measures of the effects of my philanthropy to assess my future giving priorities



Social media can offer a solution for certain types of organizations that do not collect long-term data by themselves. "For example, LinkedIn is currently working on a pilot project to help philanthropic organizations gauge their long term impact, according to Fruchterman. The organization asks children and adults who are participating in education-based philanthropic programs to create LinkedIn profiles, with the idea of tracking their progress long term. For privacy reasons the data would be reported in aggregate only.

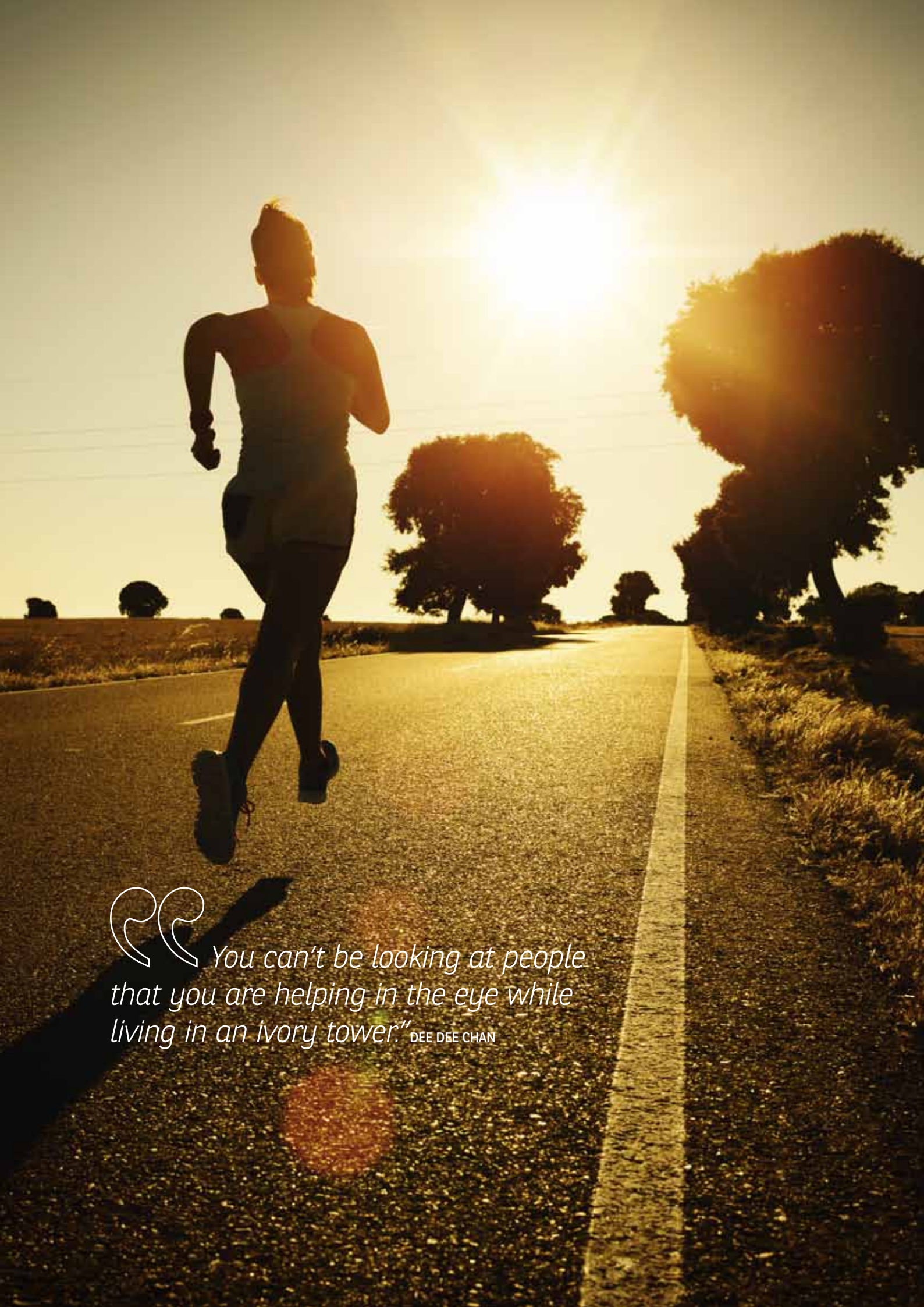
Sometimes it is the philanthropic organization itself that is devoted to impact measurement. Epic Foundation, founded by serial technology entrepreneur Alexandre Mars, aims to create tools and technology to help the new generation of donors fund impactful organizations.

*"The non-profit world is broken. There are so many people with money and the will to do more, but who do not have enough knowledge. We offer the 2.0 model for philanthropy,"* says Mars.

Every year Epic receives thousands of applications and vets them to arrive at the top 20. To get the selection right, Mars follows the rules of the business world. The vetting process involves 45 KPIs (key performance indicators) in a three-stage process. *"We use real KPIs and go where the money is to meet people,"* says Mars.

After choosing the top philanthropic organizations, Epic goes on a roadshow in 15 cities "where the money flows," including Hong Kong, Los Angeles, Paris and London. During this IPO-inspired tour, he "sells" the philanthropic organizations to potential donors, such as family offices, private banks, corporations or influencers (artists, singers, actors).

Donors have a choice whether to give to the portfolio or cherry-pick which projects they prefer. Epic then uploads local data about the philanthropies' results into a tracking tool, so that donors can monitor how many shots were given, or how many children missed school, for example. *"They can see the impact of money on kids,"* says Mars.



*You can't be looking at people  
that you are helping in the eye while  
living in an ivory tower."* DEE DEE CHAN

# GIVING AND LIVING

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Is philanthropy separate, or is it an integral part of life?

Is it hypocritical for a philanthropist who donates to climate change philanthropies to at the same time fly a private jet?

What about philanthropists who fight poverty?

Is it a contradiction if they live in luxury?



Opinions are evenly divided. For half of respondents, philanthropy and their life are integrated, as they have their investments, business activities and lifestyle mostly aligned with their philanthropic goals. For a quarter of philanthropists, philanthropy is completely aligned with their lives.

When Chan and her family travel to countries where they help the needy, she personally believes she shouldn't be staying at five-star hotels. *"You can't be looking at people that you are helping in the eye while living in an ivory tower,"* she says. *"We have to live simply and humbly."*

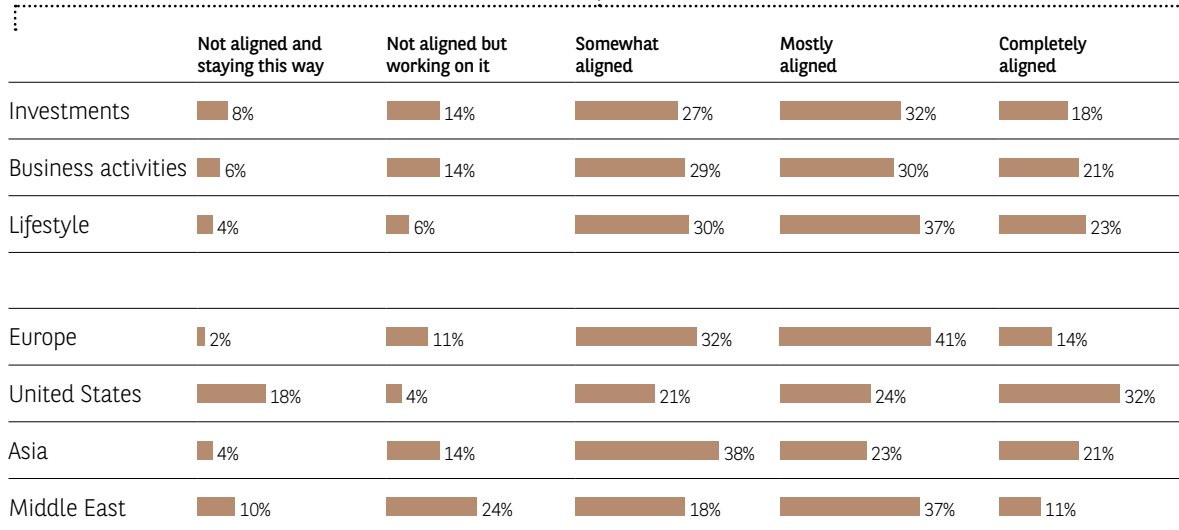
But this approach is not always practical. Chan also leads a next-generation group of wealthy young people to help them learn about philanthropy. Together they come face

to face with poverty and suffering. The first experience can be very draining mentally and physically. *"If the first time we go on the ground, I make them stay in simple conditions where they can't even have a hot shower at the end of the day, it might even adversely affect their heart for giving for the long term,"* she says.

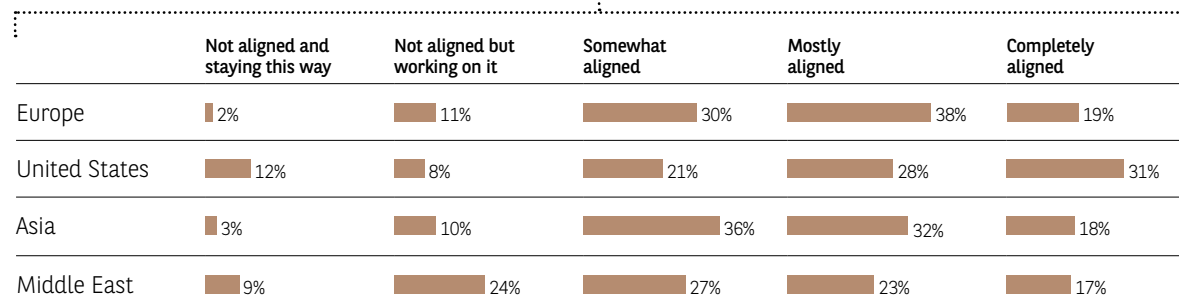
Christopher Clinton Conway, founder of the Philanthropic Council, whose clients include many celebrities, says that his celebrity clients walk the talk. People in the United States used to give to atone for their sins. They would build huge businesses and then, at the end of their lives, they tried to buy their way to heaven via philanthropy. But life is more in real time now, he says. *"It's much more about living by the rules of their philanthropy."*



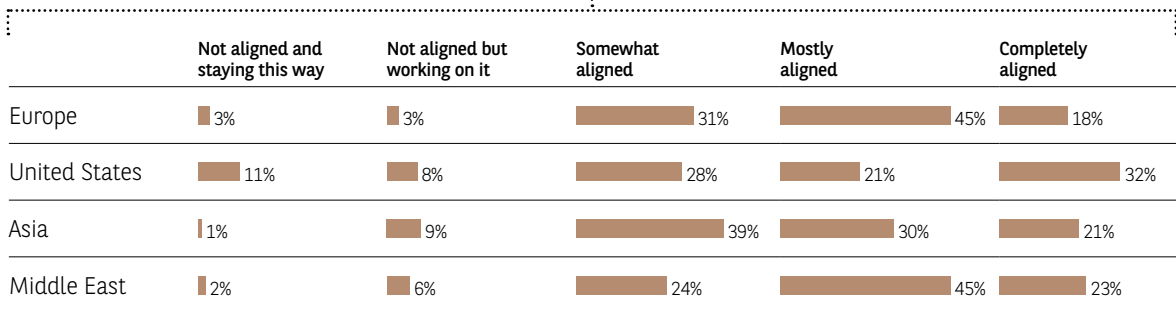
To what degree are your non-philanthropic investments, business activities and lifestyle aligned with your philanthropic goals?



To what degree are your business activities aligned with your philanthropic goals?



To what degree  
is your lifestyle aligned with  
your philanthropic goals?



Business intersects with philanthropy, to the benefit of both. *"Philanthropy is aligned with lifestyle at every step of our lives,"* says Sayegh. While supporting centers for special needs, Sayegh's company provides training and jobs. While supporting education, it gives beneficiaries the opportunity for internships, mentoring and jobs. When it comes to environmental philanthropy, it makes sure to recycle at every level at work and at home, as well as to constantly develop environmentally friendly products.

Philanthropy also hugely benefits philanthropists themselves, by giving them a better lifestyle than running a business ever could. *"As a philanthropist, I've had a lot more fun. I had more time to walk my kids to school, have dinner at home. I probably worked as many hours as I did when I was running startups, but I found myself with more flexibility,"* says Fruchterman.

Philanthropy also changed Fruchterman's politics. A registered Republican for most of his business career, he now considers himself an independent. *"I'm a lot more tuned in to the social sector, and that changed my pro-business attitudes. I think business is a great engine for positive change,"* he says.

In 2013, Mars and his wife pulled their children out of school for six months and traveled to over 13 countries, meeting with non-profits, philanthropists and policymakers around the world, to deepen their understanding of the philanthropic ecosystem. Back home, Mars spends 90% of his time working for his foundation. But *"7 to 11 p.m. is family time. I want to pack my day doing things I love. That's what keeps me going."*



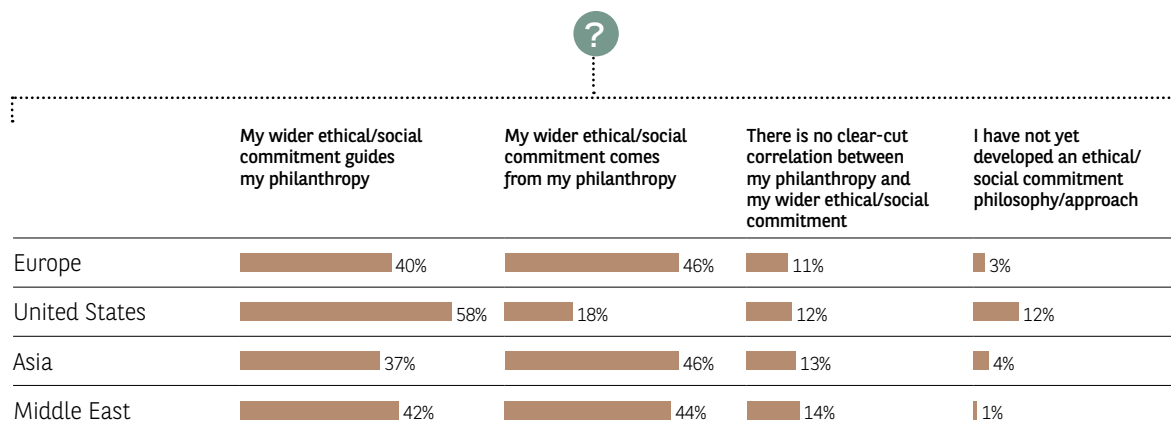
*"I'm a lot more tuned-in to the social sector, and that changed my pro-business attitudes. I think business is a great engine for positive change."* JIM FRUCHTERMAN

# GIVING AND SOCIETY

What comes first? Social commitment or giving? Social commitment and philanthropy are intertwined. So much so, in fact, that it's hard to delineate the cause-and-effect relationship between them. For roughly half of philanthropists, it is the social commitment that guides their philanthropy, and for the other half it is the reverse. American philanthropists are a standout. For them

it is mostly social commitment that drives philanthropy. This should not come as a surprise, as the United States has a long civic tradition on the one hand, and fewer social benefits and more inequality than other countries on the other hand. *"My personal mission is to see Silicon Valley benefit humanity much more. All of humanity, not just the richest 5%,"* says Fruchterman.

What is the correlation between your philanthropy and your wider ethical/social commitment?

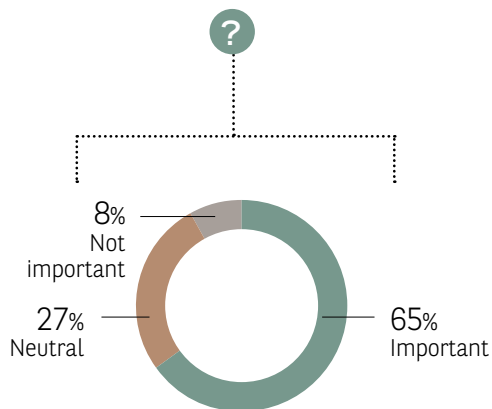


While it may be hard to determine whether social commitment drives philanthropy or vice versa, the existence of both leads to sustainable outcomes. Just as a seed will not flourish in infertile earth and a hostile climate, so philanthropy will not achieve sustainable results without the commitment of society at large.

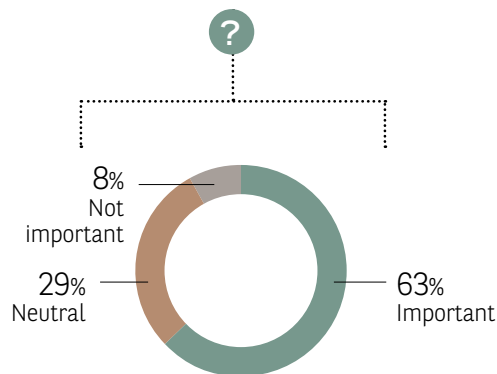
Similarly, an individual philanthropist will find it harder to cause permanent change for the better if his philanthropic involvement is not anchored in his social commitment. Without it, he or she may not have enough perseverance to stick to the cause.



What is the importance of broad alignment in society between philanthropy and social commitment for achieving sustainable outcomes?



What is the importance of a broad alignment of an individual philanthropist's philanthropy and social commitment for achieving sustainable outcomes?



History, culture and tradition play important roles as well. *"My philanthropy comes from my social commitment to my country first and secondly to the world as a whole."* says Al Moayyed.

In the United States, religion plays a role. Conway says that most of his celebrity clients derive their social commitment from their childhood experiences in their religious institutions. They were taken by their parents to a place of worship. The commitment to the community that these institutions had was very formative for them.

In Europe, Liberoff points to the pervasive cultural norm—in Northern Europe in particular—of not wishing to be too much better off than others and working to erode the difference as a driver of social commitment. This is exemplified by "Jante law," a set of rules promoting extreme humility, initially included in a satirical novel about a small Norwegian town in the early 20th century, but which illustrate the ingrained modesty and disapproval of elitism in Nordic societies.

In the post-communist societies of Eastern and Central Europe, some of today's philanthropy is an answer to the onset of economic inequality, a new phenomenon after years of a supposedly classless society.

In the end, it is the final impact that matters. Turning back to sustainability, Kulczyk takes a business view on the matter: *"Whatever motivates people and organizations who help others effectively is fine by me. We at Kulczyk Foundation are focused on the 'helping effectively' factor. Please remember that beneficiaries of our actions usually do not care what motivates us when we are doing a good job."*

Part of Boumaaza's social commitment comes from his childhood experiences. The son of a Belgian mother and Moroccan father, he visited Morocco as a child, where he saw a lot of poverty. It instilled in him gratitude for what he has and a desire to help others.

But his ultimate belief about people's commitment to others is scientific. A student of neuroscience and evolutionary biology, he says this is what we are designed to do. *"The empathic part of our brain has allowed us to be who we are. Helping others means being human,"* he says.





# OUTLOOK FOR THE FUTURE

As the report revealed, philanthropy is transforming fast and keeping up with the times. New ways of approaching a cause, generating funding and measuring the results are emerging almost daily. Forbes Insights interviews point to the following future trends:

## **QUANTITATIVE APPROACH**

The corporate approach is taking root as data and analytics are becoming more widespread in the world of philanthropy. It is being applied to assess philanthropy before grant giving, as well as measuring the results of programs. Some entrepreneurial philanthropists are applying a startup approach to data by creating dashboards on which donors can follow how their money is changing the world. Corporations themselves are also beginning to lend philanthropies their analytic capabilities.

## **NEW WAYS OF FUNDING ARE CONSTANTLY EMERGING**

We have come a long way since check-writing. Crowdfunding, online auctions or social media campaigns are just a few examples of the new ways to raise money. Impact investing is another big trend that promises to supply new funds. Young entrepreneurs are constantly innovating in this area, with one of them creating a platform for gamers to steer money to philanthropy.

## **PHILANTHROPISTS ARE BEGINNING TO LOOK MORE AND MORE LIKE STARTUP ENTREPRENEURS**

As many tech entrepreneurs are switching to philanthropy earlier and earlier, they inject philanthropy with new technologies and the “coolness” factor. This is enticing younger generations to follow their lead.

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A long, straight asphalt road stretches into the distance through rolling hills under a bright sun. The road is flanked by dry, golden-brown grass and hills. The sun is high in the sky, creating a bright glow and long shadows. The road has a white dashed line down the center and a solid white line on the left side. The hills are rounded and covered in sparse vegetation. The overall scene is a vast, open landscape.

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