

Inspiring, offputting or irrelevant? How do other donors see Gates?

Andrew Milner

The Gateses 'are helping to set a cultural expectation that to be wealthy is to be engaged in philanthropy that makes a difference'. So, at least, thinks a US observer and donor adviser, Sean Stannard-Stockton of Tactical Philanthropy. Few would dispute that the influence of the Gates Foundation on philanthropy is likely to be profound, but how exactly will it affect the ideas and practices of other donors? Philanthropy advisers are well placed to give advance notice of any changes and *Alliance* asked several of them how they thought the Gates effect was playing out among their clients. Specifically, is the influence of the Gates Foundation reflected in the questions donors are asking them?

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It may come as a surprise to those who spend their lives immersed in the world of philanthropy, but not everyone is aware of a 'Gates effect'. 'To be honest,' says Wolfgang Hafenmayer of Liechtenstein's LGT Venture Philanthropy, 'I never had a client who really knew what the Gates Foundation is exactly doing.' Susan Saxon-Harrod of CAF America also thinks that 'what Gates does is a mystery to many if you are not associated with one of their projects'.

Mr Gates makes little stir in emerging economies

Among the so-called BRIC countries, the Gates influence seems to be limited. 'I would say that the attitude is somewhat cautious, even jealous,' says Maria Chertok of CAF Russia, 'but in some cases Russian philanthropists do get inspired by the personal example

of Gates leaving his business and personally building his philanthropy.' However, she adds: 'I don't think Russian philanthropists care for (or even are aware of) priority areas of the Gates Foundation such as global health as there is a tendency not to look into issues beyond national borders.'

In India, believes Priya Viswanath of Dāna Asia, the short answer to the question posed at the end of the opening paragraph is 'no' – 'though there are debates and questions around the approach of the Gates Foundation. Indians have often questioned their model of working with government as a partner in India. Given India's size and diversity, and a lack of accountability and transparency, measuring impact is always a challenge.' She thinks that 'the wealthy in Asia much prefer still to practise philanthropy in a very private way, ie setting up their own trusts and foundations if the intent is really serious. They are open to learning, but not influenced in any way by Gates – though corporate leaders are more admiring than civil society.'

But Cynthia D'Anjou Brown of HSBC Private Bank in Asia notes 'a growth in the number of private foundations and an increase in the number of HNWI's dedicating some of their wealth to philanthropy', which she ascribes possibly to increased media interest and coverage for philanthropy, including the Gates Foundation. However, she adds, 'it is important to recognize the historical foundation of charity in Asian cultures and to attribute the heightened interest in giving to the work of many ethnic Chinese philanthropists'. She also notes that 'there have been more public statements by a few philanthropists about their planned giving'.

So far, says Marcos Kisil of the Institute for the Development of Social Investment in Brazil, 'the effect on Brazilian philanthropy is still limited'. No Brazilians have yet signed up to the Giving Pledge. He suggests two reasons for this: 'One is Brazil's paternalistic culture of giving . . . Brazilian givers are conservative, low profile, and not focused on acting



Michael Alberg-Seberich
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for the transformation of society; second, the poor exposure of Mr Gates to Brazilian society... His foundation is relatively unknown because it has made very few grants in Brazil, and Mr Gates himself never shows up to declare his beliefs to Brazilian philanthropists.'

The effect of personal example

In contrast, Philippe Depoorter of Banque de Luxembourg acknowledges the influence of Gates' giving on individual donors: 'Not a client meeting goes by in which this topic is not discussed in one form or another.' Drawing a distinction between the work of the Gates Foundation and the example of the Gateses themselves, Ellen Remmer of the US-based Philanthropic Initiative (TPI) says: 'Bill and Melinda Gates are named as positive role models and they inspire many.' Michael Alberg-Seberich of Germany's Active Philanthropy agrees: 'The Bill and Melinda Gates Foundation is one of the eminent foundation brands in the German-speaking donor world. In our work with donors it is often a starting point for a discussion about giving because of its media presence and the active involvement of Bill and Melinda Gates.'

Patrick Frick of Social Investors Partners in Switzerland is more emphatic. 'Bill Gates has had a tremendous impact, particularly on our younger clients, who have similarly made their fortunes through entrepreneurial activities, and are now looking for a guiding light on how to make yet another significant impact on the world.'

Olga Alexeeva of the UK-based Philanthropy Bridge Foundation points out that her clients are quick to see similarities between themselves and Bill Gates: 'A self-made billionaire, roughly the same age as most first-generation wealth entrepreneurs, initially

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Philippe Depoorter,
Banque de Luxembourg

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Olga Alexeeva, Philanthropy
Bridge Foundation

sceptical about philanthropy then embracing it – he is very similar to many newly minted philanthropists in emerging markets. Thus he serves as an inspiration and a "road light" to show the way to go for others like him. The foundation's investments in structural improvements in healthcare and medical research also pave the way for a more strategic approach to giving, which is still unusual among emerging market donors.'

'We're not the Gates Foundation'

However, as she goes on to note, Gates is also 'a benchmark too high for many'. The specific areas they work in can be discouraging to other donors, who may feel there's no point in adding their mite to the Gates millions. Alexeeva speaks of the 'serious debilitating effect on private donors' aspirations and actions, especially in highly status-conscious emerging markets'. She adds: 'A number of ultra wealthy donors I've spoken to in the last couple of years indicate that they will "never be like Gates", "they cannot achieve anything comparable with Gates" and therefore why even try?' In her view, 'a bit more humility, sharing mistakes as well as achievements, could help bring more confidence in private donors in other parts of the world that their complicated philanthropic journeys are worth the effort.'

Betsy Brill of Strategic Philanthropy, Ltd in the US also finds donors saying 'oh, I could never tackle what Bill Gates is tackling', while Etienne Eichenberger of wise partners in Switzerland says that the Gates Foundation is 'too big for donors to recognize themselves in it. From the perspective of the donors we work with, the compelling aspect of Bill and Melinda Gates' philanthropic engagement is the professionalism and the time dedicated to it.'

Maya Prabhu of Coutts Private Bank in the UK admits to finding 'a curiosity and admiration around Bill and Melinda Gates dedicating a large proportion of their wealth to philanthropy... This no doubt sparks the imagination and thought of some clients we



Maria Chertok
CAF Russia



Cynthia D'Anjou-Brown
HSBC Private Bank, Hong Kong



Philippe Depoorter
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Etienne Eichenberger
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Patrick Frick and Kipper Blakeley
Social Investors Partners, Switzerland



Wolfgang Hafenmayer
LGT Venture Philanthropy, Liechtenstein

speak to in terms of the role philanthropy can play in their own lives.’ In addition, she says, ‘some donors choose to fund different themes in the belief that if the Gates Foundation is funding a cause or NGO then there possibly isn’t a need or role for other funders. On the other hand, others may choose to read the Gates Foundation’s research to learn from its experience and inform their own philanthropy and then fund work in a complementary way, perhaps in another country.’

According to Ellen Remmer, ‘we’re not the Gates Foundation’ is probably the most often-heard reference. ‘Yet its meanings are mixed. Some use it to qualify the scope and impact of their own giving. From others, it feels more like a statement of envy. Some donors refer to Gates to explain the futility of funding in certain areas such as global health, where smaller funders may feel their impact will be limited.’ Again, Susan Saxon-Harrold has found some of CAF America’s donors saying ‘that they need not make grants [in Africa] as Gates is doing the work – though we know this is only in limited areas’.

Philippe Depoorter believes that ‘the action taken by the “big boys” has contributed to a form of institutionalization of philanthropy’ which ‘is more likely to discourage than attract “the mass market” of smaller donors who constitute the revenue pool for a lot of charities’. If we put the likes of Bill Gates too much on a pedestal, he believes, we risk discouraging the spontaneity and ambition of many emerging donors who characterize tomorrow’s philanthropy.

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Tactical Philanthropy

Still room for those ‘with last names other than “Gates”’

But not everyone agrees that other donors feel swamped by the Gates Foundation. ‘The US non-profit sector,’ argues Susan Saxon-Harrold, ‘is seen to encompass a vast range of organizations, including private foundations, and there is room for everyone.’ Whether Gates’ presence is offputting or not, Sean Stannard-Stockton believes that their example is encouraging donors to venture further than previously: ‘The Gates Foundation’s high profile in global health is helping to encourage individual donors to move beyond their traditional local orientation.’

Kipper Blakeley of Social Investors Partners believes that donors still see plenty of scope to contribute: ‘Our clients are, of course, aware there may exist a crowding out effect within certain sectors due to the presence of Gates; however, they also know that Gates does not work in all sectors, nor does it crowd out every sector in which it operates . . . they see that there is still a large funding gap to be filled – and thus opportunities to make a unique contribution – by philanthropists with last names other than “Gates”.’

The foundation often draws public and private funding in after it. As Blakeley recounts: ‘One of our clients recently became interested in supporting South-east Asian communities in which Gates is also providing substantial support . . . the implementing partner has been able to raise support from many philanthropists, including our client, in large part because these donors are now able to boast that their foundations are partnering with Gates. We should not forget that the possibility of being associated with such an industry heavyweight can lead to increased participation by other philanthropists in areas that they might not have considered otherwise.’

Has the Gates example made a difference to donors’ sophistication, for instance in terms of a growing demand for effectiveness or the use of entrepreneurial approaches? Blakeley is doubtful. It’s arguable, he says, that ‘books from certain economist/rock star duos



Marcos Kisil
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Priya Viswanath
Dāna Asia, India



Jane Wales Global Philanthropy Forum, USA

have had just as great, if not more, of an influence'. In any case, most of their clients are themselves entrepreneurs who don't need the Gates example to apply entrepreneurial approaches to their giving.

The Giving Pledge

The Giving Pledge has of course attracted most attention, both among the general public and among individual donors. 'Giving while living and planning more methodically for one's legacy giving have become a greater topic of discussion with clients and their advisers,' says Betsy Brill.

But few feel that it has had a tangible impact beyond the US. As Marcos Kisil points out, no wealthy Brazilian has yet signed up. In the UK, says Lena Baumgartner of New Philanthropy Capital (NPC), 'it has started a discussion around the moral duty of the wealthy to give back, and led to calls for more role models'. However, as she notes, 'to date, no Giving Pledge has been launched in the UK'. In Etienne Eichenberger's view, 'the fact that the Giving Pledge has focused more on how much is given rather than on how the money is given has made it less forceful in Europe'.

Philippe Depoorter makes a technical point: 'The "Giving Pledge" concept has been developed in one of the only countries (the US) where the notion of heirs entitled ("*héritiers réservataires*") does not exist. This model is thus not transposable as such to other countries even though it sets a strong example to a region of the world – Europe – where most philanthropists only donate after their death.'

Melissa Berman of US-based Rockefeller Philanthropy Advisors (RPA)¹ does not agree. She suggests thinking about the Giving Pledge in the way we would evaluate any advocacy campaign. The stages of such campaigns are often labelled as 'awareness, agreement and action', she says. 'The idea is that you don't see action until you have agreement, and you don't see agreement until you have awareness. Since this initiative is just a year old, it's really still in the awareness stage.' She notes that 'there isn't a significant wealth holder we've spoken to who didn't know about this initiative'. Even when their opinions are negative,

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Melissa Berman, Rockefeller
Philanthropy Advisors

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Betsy Brill, Strategic
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the "target audience" is certainly thinking about the subject of how much wealth to devote to philanthropy, and when'. Moreover, she sees its effects as being more widely spread than our other contributors allow: 'Over the past six months or so, we've heard this topic raised by wealth holders in Latin America, Europe and Asia as well as in North America.'

The *agreement* phase is just getting under way, says Berman. Some 17 per cent of the target audience in the US has agreed to pledge thus far – 'not a bad market share at this point'. But she acknowledges the difficulties of assessing its influence with any certainty. 'Will the Gates–Buffett Pledge create a rising tide of new philanthropic resources? Is it actually a symptom rather than a cause of a bigger focus on philanthropy? Will it catalyse or intensify a trend that's already evident?'

Publicity is at the heart of the Giving Pledge campaign. Another issue is whether the Gateses will encourage other donors to adopt a higher public profile. So far, European donors have not been influenced to court the limelight in a similar way. 'We have not yet seen a strong tendency in Switzerland, or in Europe more widely, of foundations wanting to follow this example,' notes Etienne Eichenberger. 'European philanthropists are traditionally more discreet in their giving.'

Power and responsibility

The unprecedented wealth and spending power of the Gates Foundation inevitably leads to questions about power and responsibility. 'Donors interested in piloting a programme in hopes of having it taken to scale are no longer looking solely at government,' remarks Ellen Remmer. 'Bringing in "national money" now has a different meaning to some funders, including community foundations and corporate givers.'

Betsy Brill ponders a possible intensification of governments' reliance on the non-profit sector both as funders and as implementers of public services as a result of Gates' efforts. 'Does this marriage between Gates and the US government and other governments of the world serve as a disincentive for governments to step up and take care of their societies?' she asks.

She also raises the perennial issue of accountability: 'Can private philanthropy hold governments accountable? Also, how will governments hold private philanthropy accountable? There is little long-term thinking about the outcome of this particular relationship once a donor decides their work is "done".'

'What's the impact of Gates setting the agenda on so many issues?' wonders her colleague Hilda Vega.

‘Especially considering his particular approach to philanthropy, which is not the practice of social justice philanthropy.’

The importance of data

Less speculatively, as Lena Baumgartner points out, the foundation has added immensely to the corpus of knowledge on philanthropic practice because of its ‘rigorous emphasis on using data and evidence to make funding decisions’. She cites an example from NPC’s experience: ‘We have benefited first hand from Gates’ research and from the openness and expertise of its staff, most recently when we advised a UK family foundation on scaling up its giving in water and sanitation – an area where the Gates Foundation is developing a sizeable programme and research agenda.’ The Gates Foundation’s focus on developing a data-rich sector has also benefited NGOs, she suggests. ‘Its expertise and knowledge in measurement provides much-needed capacity support to the grantees that it funds, and can help them to structure meaningful and rigorous monitoring systems. This combination of expertise, and a willingness to fund evaluation and monitoring, is an important resource for NGOs.’

Similarly, believes Jane Wales of the US-based Global Philanthropy Forum, the Gates Foundation ‘has helped set the standard when it comes to monitoring and evaluation. As a result, its influence can be felt throughout the social sector, no matter what the issue domain.’ There is an emerging consensus around a ‘decision-based’ approach to M&E, the basic premise of which is that ‘when funders and their grantees design M&E systems that assemble the data that are most relevant to the choices each must take, the system is more likely to be used and used to good effect’. Its hallmarks are ‘a shared purpose of informing decision-making and enabling continuous learning; a shared expectation that data will be gathered in a timely fashion and in a manner that does not place an undue burden on grantees; and a shared

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commitment to placing data gathered in the public domain so as to advance field-side learning.’

It is adopted by what she terms the ‘new philanthropists’ entering the field, ‘strategic philanthropy can cease to be the domain of a few large, staffed foundations. It can become the norm. At that point the Gates Foundation’s impact on philanthropy will have been – dare I say it – immeasurable.’

Even here, views are mixed. This emphasis on rigour seems to Marcos Kisil to be excessively scientific and, to a certain extent, counter-productive. ‘It seems that the Gates Foundation is designed and operated in a much more sterilized and well-controlled environment than other foundations, where you can set all inputs, processes and results. But, in general,’ he feels, ‘the practice of philanthropy involves several variables that are almost impossible to control that, in the end, will provoke change. At this point, it becomes difficult to grasp how the Gates Foundation will create the right impact, in the right place, attending to people’s real needs.’ This doubt, he believes, is one of the chief reasons why the Gates Foundation is not taken as a role model. ‘Researching and studying are important for a grantmaker,’ he concludes, ‘but to be close to people is also important. The Gates Foundation is seen more as a laboratory and less as a foundation close to people.’

The Gates Foundation undoubtedly inspires mixed feelings. Michael Alberg-Seberich of Active Philanthropy sums this up well when he speaks of the ‘love-hate relationship’ between the donors he talks to and the Gateses: ‘People are impressed with the donor, they see the strategic work, but they find the size of the organization tremendous and wonder about issues of power.’ @

1 Rockefeller Philanthropy Advisors works with the Gates Foundation on a number of projects, from serving as fiscal sponsor for US education policy work to managing a programme to get banks in developing world to offer

savings vehicles for the poor. Most notably for this topic, it was one of the organizations to receive a grant last year to develop donor resources – in this case, brief guides, profiles and videos.