

The Giving Pledge an agenda for philanthropy advisers

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On 16 June, Bill and Melinda Gates and Warren Buffett publicly invited US billionaires to pledge the majority of their wealth to charity. The Giving Pledge is a matter of a moral commitment to give; it will not involve pooling money or supporting a particular set of causes or organizations. The hope is that the movement will expand to other parts of the world. Analysts have already estimated that if the people on the Forbes 400 list of the wealthiest Americans all made the pledge, an additional US\$600 billion could flow to the non-profit sector. What effect will the pledge and these potential resources have and what implications will they have for the role of philanthropy advisers?



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Left: Bill and Melinda Gates and Warren Buffett launched the Giving Pledge on 16 June.

When extremely wealthy individuals give to charity, the response is commonly a mixture of admiration, envy and suspicion. At wise – philanthropy advisers over the last few years, we have witnessed a sensible and growing evolution in the philanthropic engagement of such individuals. The pledge seems to be a sound and natural next step in this trend towards entrepreneurs and their families engaging in philanthropy. The question today is what difference will the pledge make, in the United States and beyond.

First of all, the field needs leadership. Continental Europe is generally known for its discretion in the domain of philanthropy and it will remain so. However, leadership to encourage more people to engage is emerging. Recently Thierry Lombard, a low-profile but active philanthropist in Switzerland, released a book called *Why Others? Philanthropy as opportunity*¹ to

encourage people to get involved in philanthropy. He describes the main purpose of the book as ‘a good way of encouraging people and helping people who wish to do good’. The timing is good.

Second, inspiration through peers is important. In fact, the pledge will include another interesting but less noticed element – bring together the people who have or intend to follow the pledge to exchange experiences. When launching the pledge, Warren Buffet remarked that philanthropists ‘will be much more successful if they listen to others that have succeeded in it’. We at wise have been organizing learning journeys in the field in Brazil and in Vietnam since 2006 for next-generation wealthy donors and we have seen the appetite for exchange between peers. More recently, in 2009, donors with whom we work have asked us to create a peer exchange and learning platform. From this demand emerged Families in Philanthropy, a private meeting held once a year at which the intensity of exchange supports the appetite for mutual learning.

An entrepreneur’s strength is to create jobs and start new ventures, in other words to create wealth. If some successful entrepreneurs decide to spend half of their wealth for charitable purposes, the challenge is to know how it will be distributed. Philanthropy advisers should highlight this challenge to ensure value is created in the process of giving. Here are a few things which, we suggest, might be on their agenda:

► *Stress the importance of being strategic* As the scale at which the ‘pledger-to-be’ will start,

or restart, will be larger than the norm, advisers will have to stress the importance of finding their own way and looking for options.

► *Foster diversity in approach*

Societal challenges have global but also very local roots. For some issues, larger NGOs will make the difference, but local NGOs or social entrepreneurs might just as easily be important elements in creating change even if the transaction costs involved in identifying them might be greater.

► *Enhance networks and knowledge of donors* As Stephan Schmidheiny, another discreet Swiss philanthropist, has said: ‘More important than money, however, are our ongoing partnerships with each leader and the fact that we are becoming a source of financing and multiple services that generate value for those leaders (social entrepreneurs).’² Philanthropists can open doors or help to set an agenda – their contributions go beyond money.

► *Be clearer about impact* We ought to be better at helping donors to track the effects of their endeavours.

The seeds for a global impact are already spreading. At the present time, when states are mindful of their resources, the pledge will raise great expectations. Bill Gates himself started a speech with the following statement: ‘From those to whom much is given, much is expected.’³

¹ www.whyothers.org

² www.stephanschmidheiny.net/building-bridges