

EMERGING TRENDS IN PHILANTHROPY
5 September 2019, Calouste Gulbenkian Foundation

Distinguished speakers and guests,
Dear colleagues
Ladies and gentlemen

It is with great enthusiasm that I welcome you to this conference, where we will be discussing new trends in philanthropy.

I would like to thank all the team involved in the setup of this event, in particular Rien Van Gendt for all his work organising the programme for the day, as well as his immense contribution both as Chair of the Investment Committee and Senior Advisor to the Board of the Calouste Gulbenkian Foundation.

I thank also Pedro Santos Guerreiro, a well-known Portuguese journalist, who will be the rapporteur for the Conference, responsible for a more substantial “paper” about the discussion. His role will be particularly relevant because we have decided that the Conference would be addressed to a selected group of invitees, in order to assure an open dialogue.

This conference is part of the programme to commemorate the 150th anniversary of Calouste Sarkis Gulbenkian’s birth.

We wanted to take the opportunity not only to celebrate the life of our Founder, but also to debate the future of the area for which Calouste Gulbenkian will be remembered: philanthropy.

It is through the Foundation he created that his legacy endures and his vision is projected outwards.

That is why this conference is so important, as it is only by anticipating trends in 21st (twenty first) century philanthropy and discussing them with our peers and the main stakeholders that we can ensure that the Foundation’s work remains relevant and innovative.

A special welcome to the Foundations members of the Hague Club that are here with us today.

This Club – that gathers some of the most important European foundations CEO’s - will have their annual meeting tomorrow at our premises.

Indeed, this is a great opportunity to discuss these matters with you. And I am sure your experience and insights will add great value to today's discussions.

In 1889, Andrew Carnegie wrote his 'Gospel of Wealth', one of the founding texts of modern philanthropy.

In it, he argued that those who possess the greatest wealth also bear the greatest responsibility for developing a fairer society, demonstrating the role which philanthropy must play in reducing social inequality and be catalyst for change.

In 2015, Darren Walker, President of the Ford Foundation, published the article 'A New Gospel of Wealth', echoing the principles put forward by Carnegie, yet arguing that modern-day philanthropy must look further into the future, focusing not only on reducing the impact of inequality but getting to the root of those issues and taking a more active role in eradicating their causes.

This should be our main mission, and the many new trends in philanthropy will make far more sense if they are guided by this overarching cause.

At present, the philanthropic movement is undergoing far-reaching transformation in terms of: (i) the key players involved, (ii) the financial instruments used and (iii) the types of interventions taking place.

According to the Global Philanthropy Report:

- There are more than 260 000 (two hundred sixty thousand) Foundations identified in 38 (thirty eight) countries
- 95% (ninety five per cent) of Foundations are based in Europe and USA
- Nearly 75% (seventy five per cent) were created less than 25 (twenty five) years ago, 44% (forty four per cent) during the 21st (twenty first) century

As we can see, this movement is driven by new leaders. The philanthropists of the twenty first century will be those who built their fortunes by creating new technological and digital solutions which, as we know, are completely changing the dynamics of society. (We may cite Bill Gates, Mark Zuckerberg, Pierre Omidyar or Jeffrey Skoll as an example).

One of the main challenges facing philanthropy today is to find the best way to harness the potential of new technologies, especially big data, and to use artificial intelligence to address the social and environmental issues affecting our societies.

In parallel, the foundations should also carry out research and engage in extensive debate on the economic and social consequences of technological development, as well as its ethical limits and principles of governance, while safeguarding human rights and promoting greater equality of opportunity.

With this in mind, the Gulbenkian Foundation has increasingly turned its attention to this new R&D (Research and Development) agenda focusing on technology and social and environmental impact, using them as an instrument by which to address issues such as ageing, wellbeing of children and young people, lifelong learning and climate change.

Meanwhile, in response to the growing complexity of the social and environmental challenges we face, as well as a lack of traditional financial resources – both public and philanthropic – to tackle these challenges, **impact investment** has emerged as an opportunity to discuss a new model of capitalism due to the possibility it offers to link financial returns and social impact.

In this way, space can be opened up for other sources of funding, especially private funds, to contribute to addressing social issues. Greater involvement from the private sector and a change to the paradigm in which it operates are fundamental in order to provide an effective response to the societal challenges of the day.

An example of this paradigm shift is the commitment recently signed by around two hundred CEOs of the main American companies (The Business Roundtable), which states that the purpose of businesses cannot only be to create wealth for their shareholders, but that they should also consider their impact on all of the stakeholders affected by their operations – shareholder, employees, the local community and wider society.

Impact investment is a way forward which is dictated by market forces:

- more than 65% of consumers prefer to opt for products which meet sustainability standards;
- more than two-thirds of millennials entering the labour market now wish to work for companies which make a positive impact on the community;
- 84% of these millennials, who will receive funds of around thirty one trillion dollars by 2020, are inclined to incorporate environmental, social and governance factors into their investment decisions.

Multiple stakeholders, including foundations, have been involved in developing this new investment agenda.

Foundations have adopted different approaches in accordance with the profile of their organization or the maturity of the market in their country. Practices vary between:

- the adoption of venture philanthropy approaches, which incorporate training and networking instruments into traditional grant giving schemes
- participation in the structuring, development and financing of social impact bonds
- allocation of a percentage of their endowment to investment in this new type of assets.

In this area, the Gulbenkian Foundation has been diversifying its intervention methods and playing an active role in building an impact investment ecosystem in Portugal via the use of outcome-based contracting such as **social impact bonds** in particular.

More recently, alongside a large group of national and international investors, the Foundation decided to invest in the **risk capital fund** Maze, which will invest in impact startups whose core business is linked to social or environmental impact.

This trend is increasingly present on the international agenda.

For example, the Ford Foundation recently announced that it would allocate one billion dollars of its assets to impact investment, while the Cariplo Foundation has had a successful impact in the area of social housing.

These examples demonstrate not only the commitment to this new agenda but also the various possibilities open to foundations to invest in areas aligned with their mission, something which I believe to be essential.

Foundations have also widely adopted commitments under the Sustainable Development Goals, aligning their activity and monitoring their outcomes based on the targets stipulated by the goals.

In this area, the work of foundations on sustainability, climate emergency and energy transition has taken on a far greater role. Examples of this are the Bloomberg Philanthropies and the Oak Foundation.

The Calouste Gulbenkian Foundation more and more considers sustainability to be one of its strategic pillars for intervention, focusing on promoting better practices for sustainable production and consumption.

This commitment of the Foundation is demonstrated, for example, with the creation of a new prize for humanity to a value of 1 million euros, which will focus on issues relating to climate change.

Rather than an opportunity for recognition of past initiatives, this new prize will primarily be an incentive for new ideas contributing to improving the future of the planet.

Finally, it is important to highlight the major intervention made by foundations in the political sphere, especially with regard to issues of defending democracy and the role of the media, as well as promoting new forms of civic participation.

This has led to greater advocacy from foundations, based on evidence from the work they themselves have carried out or supported.

The Calouste Gulbenkian Foundation has also been working towards this agenda. The creation of the Gulbenkian Forum for the Future demonstrates the Foundation's commitment to providing an open space for dialogue on some of the main issues facing modern democracies today.

It also offers an opportunity to develop better foresight scenarios for the future. In fact, the ability to accurately anticipate future developments is key to allow effective decision-making in the present.

Ladies and gentlemen,

I have attempted to describe some of the current trends emerging in philanthropy. To conclude, I would like to emphasize several principles which I believe should inform our daily work and which, if followed, will contribute greatly to boosting the legitimacy and credibility of philanthropic activity:

- The groups – and people – for whom we work and seek to serve better must always be at the heart of all our actions. In order to achieve this, we must find effective ways of involving them in designing the solutions we aim to develop and ensure greater diversity in decision-making processes.
- Greater accountability over the work carried out by foundations is essential in order to reinforce the role of philanthropy in our society by addressing the questions recently raised concerning the legitimacy of philanthropic work (I am thinking here of the recent books “Just Giving” by Rob Reich and “Winners take it all” by Anand Giridharadas).
- Fostering collaboration between foundations will not only avoid overlaps but will, most importantly, maximise the potential impact of our joint decisions to the benefit of the causes which bring us together.

This is why today’s conference is so important to us, as it offers an opportunity to reflect together on the role of philanthropy in the present day and to find better ways to build the future world we wish to live in.

Thank you very much.

Isabel Mota

Lisboa, September 5th 2019