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# Trust in Philanthropy: a Report on the Philanthropy; Insight Project 2018-2021

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MAECENATA

Rolf Alter, Rupert Graf Strachwitz, Timo Unger

# Trust in Philanthropy

A Report on the Philanthropy.Insight Project 2018 – 2021

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**Maecenata Stiftung, Berlin 2022**

## Preface

About three years ago a small Maecenata team began exploring the relevance of trust in philanthropy. The title of the project Philanthropy.Insight reflects this theme. The aim would not be to write about philanthropy but rather to explore a values-based reference system of making foundations' project and strategy choices a function of trust together with like-minded leaders from within the sector. Today, we are coming to the end of two years of intensive and fascinating work. We owe it to the wonderful community of friends of the project, our financial supporters from Carnegie Trust UK and the Gulbenkian Foundation, the many publishers of our articles, and blogs and all those who showed interest in our endeavour to tell the story of our journey. We will be delighted if our experience and insights were to encourage others to pursue the concept of trust-driven philanthropy in the future. We are convinced it will be worth it.

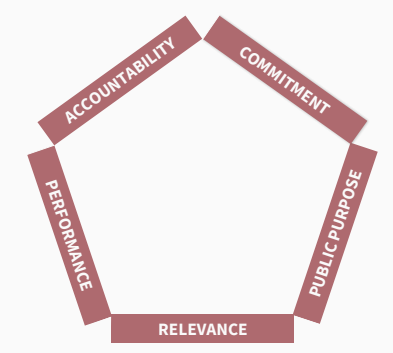
Philanthropy.Insight has resulted from two distinct societal contexts (Chapter I ). When we started, calls for disruption could be heard everywhere. There was much disagreement, however, on how to manage the changes – except it seemed for recognising trust as being crucial in successful adaptation within the sector. Governments and business were well aware of the lack and volatility of trust of citizens and consumers. Foundations felt generally less concerned: Why would anyone distrust those who want to do good? The signs of growing demand for public scrutiny and questioning of philanthropy were rarely perceived in the European philanthropic sector. In the USA, there has been persistent public critique for some time now.
The Covid-19 pandemic made disruption the new normal. It forces foundations like all other public institutions and private actors to adjust to a new world. Trust is the conduit. But how to build trust in an emergency? We perceived Philanthropy.Insight as a timely vehicle to overcome the lack of knowledge and practical experience in the sector (Chapter II).

Over the last two years, we have assembled the building blocks, starting with the PI Pentagon of commitment, public purpose, relevance, performance, and accountability (Chapter III). We have analysed and communicated the multiple dimensions and partnerships of philanthropy. We have introduced the institutional and methodical infrastructure of PI, comprising of the PI Assessment Tool and the Peer Exchange platform to ensure full operability and add value to the concept (Chapter IV). Our programme of work and the budget for the pilot phase in 2022 were ready in the summer of 2021. In the end, we were unable to mobilise an adequate number of participants and supporters. We have therefore decided to stop the project. We hope this is only a pause and not the project's conclusion.

## Executive Summary

In contrast to governments and corporate actors, philanthropy had been less concerned with declining levels of *trust*. Increasing criticism and the more frequent appearance of obstacles have changed the game. Since the onset of the Covid-19 pandemic, trust has become a central currency within the philanthropic eco-system. Although recognising the relevance of trust for their operations is important, questions remain as to how to advance trust in practical terms.

By taking a standpoint in which trust was viewed as fundamental, but as an underrated category for global philanthropy, the Philanthropy.Insight Project focused on three major objectives: First, to increase the understanding and awareness of the role of trust in philanthropic practice. Second, to create a network of like-minded philanthropists devoted to trust-driven philanthropic practice. Third, to identify the modalities of a practical concept of trust in philanthropic practice. Its strategic approach entailed exploring knowledge and expertise as well as initiating dialogue and collective reflection to improve the practice of philanthropy vis-à-vis the resource trust.




The Philanthropy.Insight Project identified a pentagon of five overarching principles – Commitment, Public Purpose, Relevance, Performance and Accountability – to be at the core of trust-driven philanthropy. It also documented that trust influences personal and institutional relations: on the one hand as an authentic, honest intention and a willingness to be vulnerable, and on the other as reliance on competence and skills. As a result, the PI principles were turned into an assessment tool (PIAT) by breaking down the principles into qualities and introducing a questionnaire.

To render trust more precisely in practical terms, the Philanthropy.Insight Project has suggested that philanthropic trust manifests in at least three different forms: trust within philanthropic organisations, trust between actors of the philanthropic eco-system, and trust vis-à-vis the public and the private sector as well as in response to increasing public scrutiny.

Throughout the Philanthropy.Insight Project a variety of research-based publications have been issued by practitioner magazines, journals, and academic journals. In addition, several exchanges took place in-person and online with actors from the global philanthropic eco-system. A peer exchange platform was planned but couldn't be implemented in the end.

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# CHAPTER I: PROJECT CONTEXT

*The Philanthropy.Insight project has resulted from two distinct societal contexts. First, disruptive dynamics over the last three decades have led to substantial transformations of social, economic, and political structures, especially eroding trust in public and corporate actors. Second, the Covid-19 pandemic has made disruption the new normal and thus forced foundations – which tend to be less preoccupied with issues of trust – to adjust to a new world, in which trust is the conduit.*

## 1. DISRUPTIVE DYNAMICS AND SUBSTANTIAL TRANSFORMATIONS SINCE THE 1980s

In 2018, at the beginning of the Philanthropy.Insight Project, it was tangible that disruptive dynamics, which have accelerated for over three decades, resulted in significant transformations of social, economic, and political structures. This included processes of globalisation, new communities of choice, but also high-speed technological innovation which have reduced the previously dominant role of the state.

While a success story for many, these processes have put the concept of an open society under strain, particularly its core principles, i. e. the rule of law, human and civil rights, and democracy. In addition, a variety of evidence alluded to social inequalities skyrocketing and global social capital decreasing – obviously with substantial implications on trust as a resource for societal actors across sectors.

### Distrust in public and private sector organizations

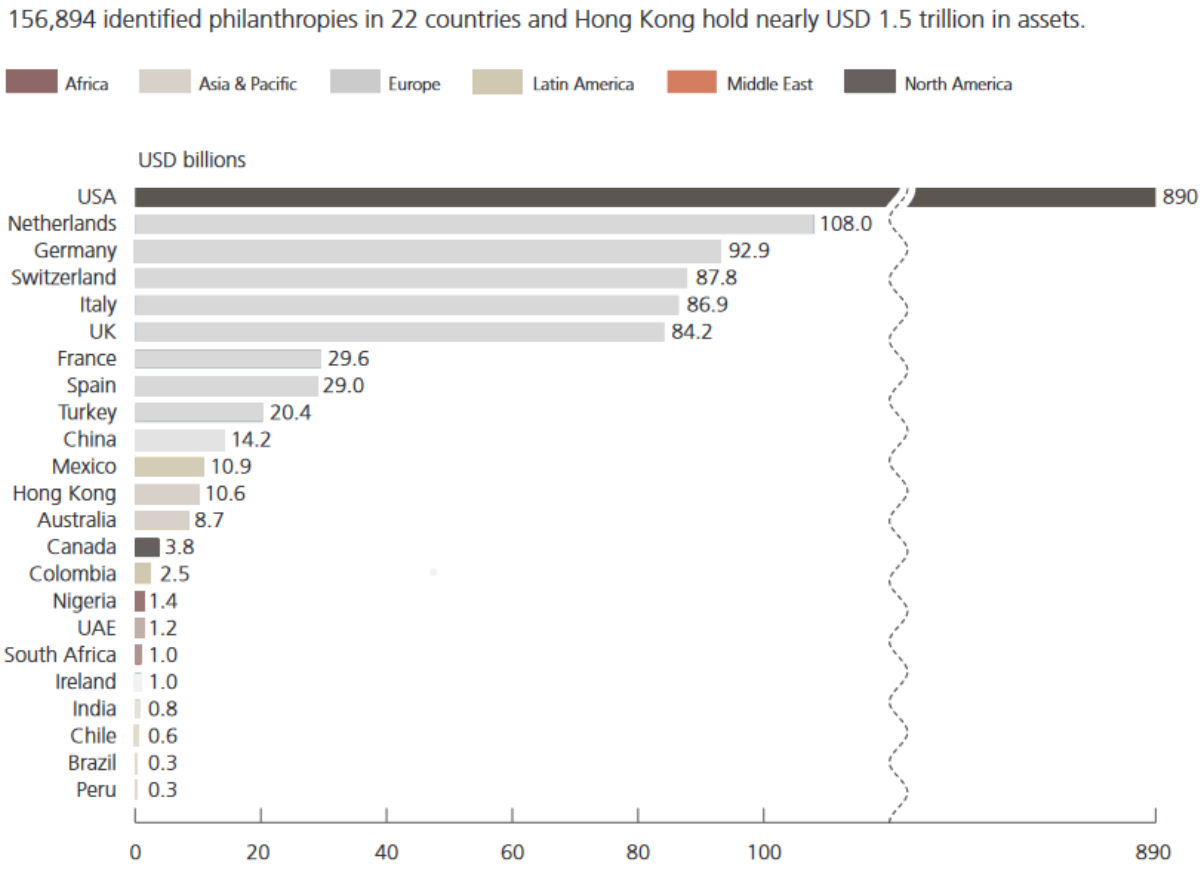
As a reaction to this development, public sector organisations across the OECD and beyond identified restoring public trust as a top priority[1]. Examples ranged from an increase in matters of responsiveness, inclusivity, and integrity in the field of policy making and service delivery. Likewise, the same held true for corporate organisations: Under the eyes of a virtually connected *global village*, they have increasingly invested in activities related to Corporate Social Responsibility (CSR). Without doubt, both developments indicated a sector aiming to restore trust with the public.

1 OECD (2009), Lobbyists, Governments and Public Trust, Volume 1: Increasing Transparency through Legislation, OECD Publishing, Paris, https://doi.org/10.1787/9789264073371-en.

## Growth and Professionalization of the Philanthropy Sector

In the same period, global philanthropy was likewise disrupted. First, the number of philanthropic organisations rapidly increased. Out of the 260,000 foundations which were identified in 2018[2], almost three quarters had been established in the last 25 years. Second, the global philanthropy sector gained substantial financial assets (see Exhibit 1).

Exhibit 1: ***Assets of Global Philanthropy, 2018***




Source: *Global Philanthropy Report Sector, 2018*

Third, with an increased focus on *impact*, global philanthropy set itself on a path of professionalisation. In addition, these processes were paralleled also by an expansion of the philanthropic *eco-system*, including research centres, media outlets, advisory literature, philanthropy advisory firms, and an increasing number of regional infrastructure organisations.

As a result, global philanthropy has significantly changed over the last quarter of a century. Some commentators have even proclaimed a *golden age of philanthropy*[3].

[2] Johnson, P. (2018). Global Philanthropy Report: Perspectives on the Global Foundation Sector. Cambridge: Harvard Kennedy School.

[3] Singer P (2006) What should a billionaire give – and what should you? The New York Times 17 December: 58.

**Why trust holds importance for a growing philanthropy sector**

Traditionally, philanthropic institutions and private foundations have been reluctant to present reports on their activities and their accounts to the public. They have either argued that this constituted an infringement on their privacy, or that this was not compatible with their ethical standards that forbade talking about one's philanthropy. Facing the growth and influence of global philanthropy, critical voices have once more questioned this behaviour. There are at least four arguments that support this notion:

- **Lack of legitimacy.** Unlike private public sector institutions, philanthropic foundations have so far not been bound to accountability mechanisms or democratic control[4]. They are bound by the founder's will in perpetuity and governed by a relatively small board not composed or elected in a democratic manner. This is seen as a systematic deficiency which cannot be relieved by enlarging the board or involving beneficiaries or anyone else in matters of governance.
- **Unclear public value.** In an open society, any organisation that professes to be committed to furthering the public good is obliged to keep the public informed on (a) what it is doing to this end, (b) where the resources come from that enable it to do what it is doing, and (c) how decisions as to what it should do are reached. This is necessary for the public to be able to have an informed discussion on the intentions, measures, and impact of any contributor.
- **Bypassed tax burden.** It has often been argued that many foundations came into being long before tax breaks for philanthropic giving and endowments for foundations were introduced and that the any tax break covers only part, or in some instances, a very small part of the actual transaction. Still, it is certainly true to say that the community of taxpayers suffers a loss when a donor deducts even a small percentage of his donation from his tax burden. As a result, this same community is entitled to be informed as to how the funds accumulated in this manner have been used.
- **Insufficient organizational transparency.** Although "philanthropy is everywhere"[5], philanthropic foundations have remained opaque. However, public affairs today depend on the interaction of very different players in a cooperative spirit, in an understanding of mutual openness and disclosure, and on a level playing field. Therefore, members of the public are entitled to join any public debate (with very few exceptions) based on freely available and information and have transparent, barrier-free access to such events.

4 Ferris, J.M. / Williams, N. (2014): Offices of Strategic Partnerships: Helping Philanthropy and Government.
5 Reich, R./ Cordelli C./ Bernholz L. (eds.) - 2017 - Chicago: The University of Chicago Press.

So, considering the growth and influence of global philanthropy, a range of arguments existed as to why foundations should be concerned with the resource trust. Nonetheless, it was the Covid-19 pandemic which put trust on the philanthropic agenda.

## 2. HOW COVID-19 INFLUENCED TRUST ON THE PHILANTHROPIC AGENDA

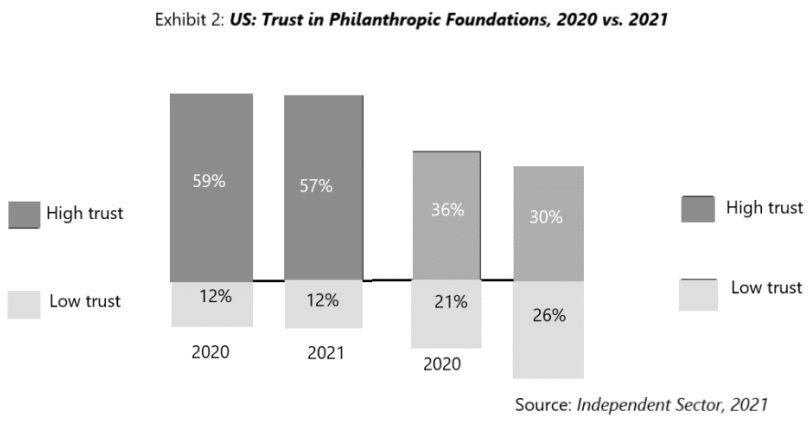
In 2020, the Covid-19 pandemic made disruption the new normal. Like anywhere else, the virus revealed existing tensions and complexities in the philanthropic sector. It forced philanthropic foundations – hitherto less concerned with the trust issue – to adjust to a new world, in which trust was and still is the conduit.

### Philanthropy in the spotlight

Across the OECD and beyond, the coronavirus had severe effects on typical grantee groups of philanthropy, particularly on beneficiaries in the fields of health care, service provision and culture. Ranging from overstretched medical staff – nurses, doctors and care workers – to schools, students and teachers to actors of the creative industry, the demand for short- and especially medium-term philanthropic support was – especially at the beginning – at a high.

Given the serious implications for economic growth and social development, a short-term response from the global philanthropy sector appeared to be more important than ever. Its response varied from tried and tested procedures to courageous and experimental actions. Examples include investing in manufacturing capacities for a variety of potential vaccines to developing comprehensive national testing plans or taking out bonds to jack up funding without drawing on endowments.

Exhibit 2: ***US: Trust in Philanthropic Foundations, 2020 vs. 2021***



## A bursting trust bubble and its consequences

Despite their critical engagement, philanthropy faced a significant decrease in trust (see Exhibit 2). The “Trust in Civil Society Report” saw net trust in US-philanthropy decreasing by 11 percentage points from 15 to four between 2020 and 2021(Independent Sector, 2021: p. 10). Across the OECD and beyond, the Edelman Trust Barometer even observed a “trust bubble” ready to burst (Edelman, 2021). For the first time, trust spearheaded the philanthropic agenda, after public and private organisations have recognised its relevance.

# CHAPTER II: THE PHILANTHROPY.INSIGHT PROJECT

*The Philanthropy.Insight Project explored a values-based reference system of making strategy and project choices of foundations a function of trust together with like-minded leaders from within the sector. It aspired to assist philanthropic foundations in remaining valued members of civil society and extend their values-base, helping them to become better at what they do to confidently argue their responses in the face of criticism. Ultimately, it was about finding answers for navigating change and extending trust under conditions of disruption.*

## 1. PROJECT OBJECTIVES

By taking a standpoint, in which trust was viewed as a fundamental, but underrated category for global philanthropy, the Philanthropy.Insight Project focused on three major objectives.

- **Increasing the understanding and awareness of the role of trust in philanthropic practice.** The Philanthropy.Insight Project sought to increase and channel discussion on the role of trust for philanthropic practice vis-à-vis the philanthropic eco-system, but also with the public and private sectors, and with the public at large.

- **Creating a network of like-minded philanthropists on trust-driven philanthropic practice.** The Philanthropy.Insight Project sought to initiate and expand systematic exchange for philanthropic decision-makers, experts and philanthropy professionals to exchange, debate and shape the role of trust within philanthropic practice.

- **Identifying the modalities of a practical concept of trust in philanthropic practice.** The Philanthropy.Insight Project sought to contribute to improving philanthropic practices by the development of a values-based reference system of *doing good well*.

## 2. STRATEGIC APPROACH

In accordance with the outlined project objectives, the Philanthropy.Insight Project acted in accordance with three main lines of action: Exploring the role of trust in philanthropic practice, initiating collective reflection among like-minded and able individuals, and improving practice of philanthropy by a more trust-driven approach.

- **Exploring the role of trust in philanthropic practice.** Increasing understanding and awareness of the role of trust in philanthropic practice required the provision of transformational expertise and knowledge. So, Philanthropy.Insight aimed to deliver shortcuts that on the one hand enable transferring knowledge ad hoc and on site and on the other contributing to vibrant academic debate.

- **Initiating dialogue and exchange among like-minded and able individuals.** Creating an environment in favour of trust-driven approaches to philanthropic practice relied on trusted and meaningful interactions among like-minded and willing individuals. By serving as a platform for collective reflection based on an open format, Philanthropy.Insight sought to gather philanthropic decision-makers in an ongoing process of collective reflection composed of peer-learning, including from failures, experimenting with practices and engaging in dialogue with stakeholders.

- **Improving practice of philanthropy by a more trust-driven approach.** Identifying the modalities of a practical concept of trust depended on making sense of knowledge and dialogue activities. The Philanthropy.Insight Project therefore sought to foster, moderate, and concentrate the engagement of expertise, knowledge, and interaction within a network of willing and able actors.

A strategy map was used to display central features of the Philanthropy.Insight Project. It helped to precisely demonstrate how particular elements of the project interacted with each other to contribute to the different strategic approaches.

Exhibit 3: ***Strategy Map, Philanthropy.Insight Project***

| | Strategic Approach | Exploration | Dialogue & Exchange | Improvement of Practice |
|---|---|---|---|---|
| Input | **Intervention** | Develop Expertise and Knowledge | Initiate collective reflection | Converge Knowledge and Dialogue |
| Output | **Instrument** | Inquiries on expertise and expert knowledge | Multi- and bilateral series of discussions | Need Analysis and Self-assessment |
| | **Actors** | Core Team | Core Team, Partner | Core Team, Partner |
| | **Target Group** | Practitioners, Conveners, Experts | Decision-Makers, Experts | Decision-Makers |
| Outcome | **Intervention Targets** | Contributions in practitioner journals and academic literature | Online and Onsite events bringing together relevant actors | Commitment in developing modalities of trust in philanthropic practice |
| Impact | **Strategic Goals** | Increased understanding and awareness of the role of trust in philanthropic practice | Established network of like-minded individuals to advance trust in philanthropic practice | Development of Values-based reference system of trust-driven philanthropic practice |
| | | Legitimation of trust-driven philanthropic practice | | |

The Philanthropy.Insight Project sought to pursue its objective by exploring the role of trust in philanthropic practice, initiating dialogue for collective reflection, and learning among like-minded and able individuals, and improving the practice of philanthropy by a trust-driven approach to *ultimately doing good well*.

## CHAPTER III: THE PHILANTHROPY.INSIGHT ASSESSMENT TOOL

*The Philanthropy.Insight Assessment Tool (PIAT) was a systemic attempt at generating a comprehensive concept of trust-driven philanthropy and its working practices. Consequently, it was built on trust as a fundamental value of philanthropy and as such designed to strengthen the values-base of philanthropic organisations.*

### 1. PRINCIPLES OF TRUST-DRIVEN PHILANTHROPY

With trust being a multifaceted and slippery concept, the Philanthropy.Insight Assessment Tool (PIAT) turned to two central understandings of trust, **trust in intentions and trust in competence**.[6]

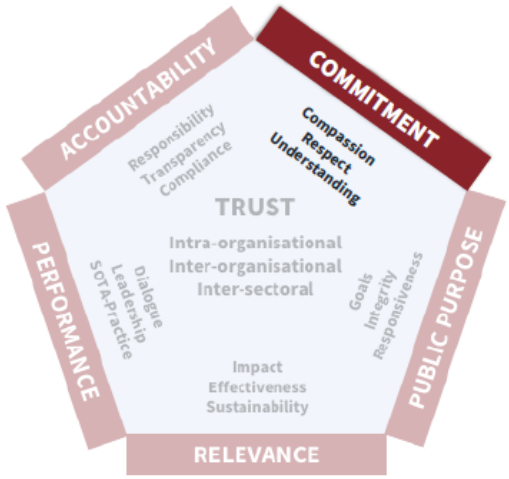
Exhibit 4: ***The Philanthropy.Insight Assessment Tool***

To distil the principles of trust-driven philanthropy, **PIAT operationalised both forms of trust into five criteria**. *Commitment, Public Purpose* and *Relevance* represented trust in intentions (which lie to some extent beyond quantitatively assessable control). *Performance* and *Accountability* took a more practical side of trust into consideration – thus reflecting on trust in competence. The order in which the principles were presented reflected a judgment regarding their contribution to a trust-driven approach. The principles' presentation reflects a judgement regarding their contribution to a trust-driven approach.

[6] Nooteboom, B. (2006). Social Capital, Institutions and Trust. (CentER Discussion Paper; Vol. 2006-35). Organisation.

To realize higher analytical precision, **each principle was broken down into three qualities**. Conscious of the challenge to facilitate a shared understanding across diverging cultural contexts, a set of guiding questions accompanied the qualities.

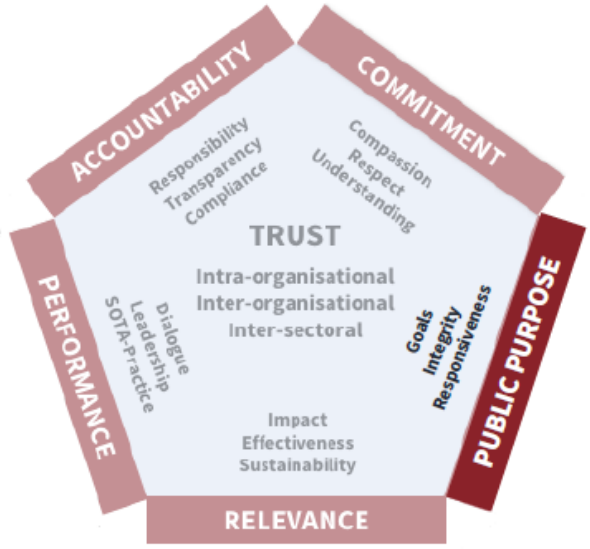
**Principal – Commitment**




*Commitment* reflected on trust in intentions. It addressed questions of whether philanthropic foundations were living up to the essentials of the eco-system, and how their actions took into account the voices of the beneficiaries, its ultimate customers. Its supporting qualities were *Compassion, Respect and Understanding.*

| **Compassion** | **Respect** | **Understanding** |
|---|---|---|
| To which extent is the organization imbued by a spirit of compassion? | To which extent does a spirit of respect for each and every human being pertain to all activities of the organization? | To which extent is the organization oriented exclusively towards the well-being of beneficiaries and partners? |
| How does compassion permeate to programs, projects and action? | How is made sure that all actions are taken in an atmosphere of sincerity and respect for the dignity and priorities of every beneficiary? | How is the voice of the beneficiaries taken into account? |
| How is made sure that compassion consistently takes precedence over other goals the organization may pursue? | To which extent is the organization respectful of cultural diversity? | In which way is the organization conscious of its mission as civil society actor? |

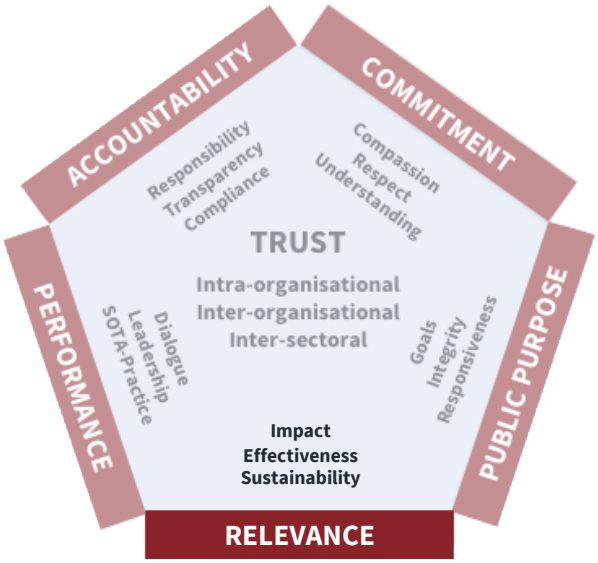
**Principal – Public Purpose**




*Public Purpose* reflected on trust in intentions. It underlined that philanthropic activity must be tailored around the creation of public value, i. e. the value that an organisation contributes to society. Respectively, its underpinning qualities were *Goals, Integrity, and Responsiveness.*

| Goals | Integrity | Responsiveness |
|---|---|---|
| To what extent are the statuary goals of the organisation in accordance with public benefit goals? | How does the organisation steer clear of money-laundering and tax evasion? | How are institutions, programmes, projects, and actions based on real need? |
| How does the organisation maintain sufficient independence from purposes proclaimed by the state and/or the business sector? | In what way do the statutes of the organisation provide for safeguards against corruption and other unlawful activities? | In what way are partners, beneficiaries, and experts involved in decision-making processes? |
| In what way does the organisation make amends for conflicts of acceptance? | To what extent does the organisation adopt a culture of fairness and integrity? | To what extent is the organisation flexible in responding to changes? |

**Principal – Relevance**




*Relevance* reflected on trust in intentions. Relevant philanthropic practice entailed repeatedly assessing performed action alongside meaningful impact evaluations beyond fixed indicators. Using a broad understanding of relevance, action included both flexibility and experimentalism as well as sufficiently funded programmes and practices. Its underpinning qualities were *Impact, Effectiveness, and Sustainability.*

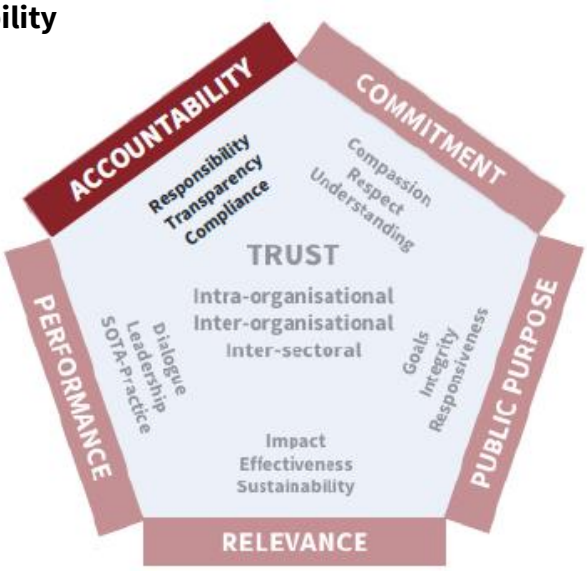
| **Sustainability** | **Effectiveness** | **Impact** |
|---|---|---|
| To what extent to programmes and projects conform to UN SDGs? | By what means are methods in place to monitor the outcome of methods and projects? | In what way is a methodology in place to ensure a short- and medium-term non-partisan evaluation of all projects? |
| How are programmes and projects devised and pursued to contribute to social change? | How do programmes and projects contain mechanisms of adjustment to changing circumstances? | To what extent is a discussion process in place to ensure beneficiaries' participation in evaluating projects? |
| In what way are grant programmes executed with sufficient scope and duration to ensure partner's sustainable organisational development? | To what extent is the organisation sufficiently experimental, and by what mode does it failure to promote its effectiveness? | How are failures and mistakes sufficiently and publicly acknowledged? |

**Principal – Performance**

*Performance* reflected on trust in competence. Making use of a broad understanding of performance, PIAT included dialogical approaches to design, integrated leadership capacities and overall usage of performance measurement techniques. Its underpinning qualities were *Dialogue, Leadership,* and *State of the Art Practice.*

| State of the Art Practice | Leadership | Dialogue |
|---|---|---|
| By what mode are strategic goals defined, pursued, and evaluated? | To what extent are board members and staff chosen based on their commitment, leadership abilities, know-how and trustworthiness? | To what extent does the organisation operate on a level playing field with partners and beneficiaries? |
| To what extent are specific civil society management kills trained and applied? | In what way does the governance system ensure that decisions are made responsibly and in accordance with the organisation's statutes and mission? | In what way does the organisation provide for short, medium- and long-term relationships as seems beneficial in pursuing its goals? |
| In what way is the management of the organisation committed to the organisation's strategic goals? | How does the organisation pay attention to the specific abilities, needs, and limitations of donors and volunteers? | How are partners and beneficiaries sufficiently involved in developing strategies, programmes, and projects? |

**Principal – Accountability**




*Accountability* reflected on trust in competence. Within trust-driven philanthropic practice, accountability enfolded along accentuated the existent consciousness of a responsibility towards society, including complying to due diligence codes on responsibility and transparency. Its supporting qualities were *Responsibility, Transparency,* and *Compliance.*

| **Responsibility** | **Transparency** | **Compliance** |
|---|---|---|
| In what way does the organisation actively interact with the public? | How is it ensured that methods of accounting conform to state-of-the-art standards? | To which extent does the organisation regard itself as a civil society organisation and comply with standard civil society rules and procedures? |
| How is it ensured that online resources and publications meet accepted reporting standards? | To which extent do periodical reports provide sufficient information on the purpose, methodology, practice, and outcome of all operations? | How does the organisation abide by the law in pursuing its aims, and in reporting and publicising? |
| How does the organisations prepare to react to comments, criticism, question, demands, and applications? | In which way does the organisation meet requirements by law or by choice to make reports and accounts publicly available? | By what mode does the organisation defend its own and general civil society principles in the face of interference, harassment, and pressure? |

## 2. THREE DIMENSIONS OF TRUST-DRIVEN PHILANTHROPIC PRACTICE

Philanthropic organisations do not operate in isolation as they interact with multiple stakeholders in complex environments inside and beyond the philanthropic ecosystem. Hence, PIAT considered three dimensions of trust. This was based on an understanding of mutual interdependence to improving trust in philanthropic practice. (see Exhibit 5)

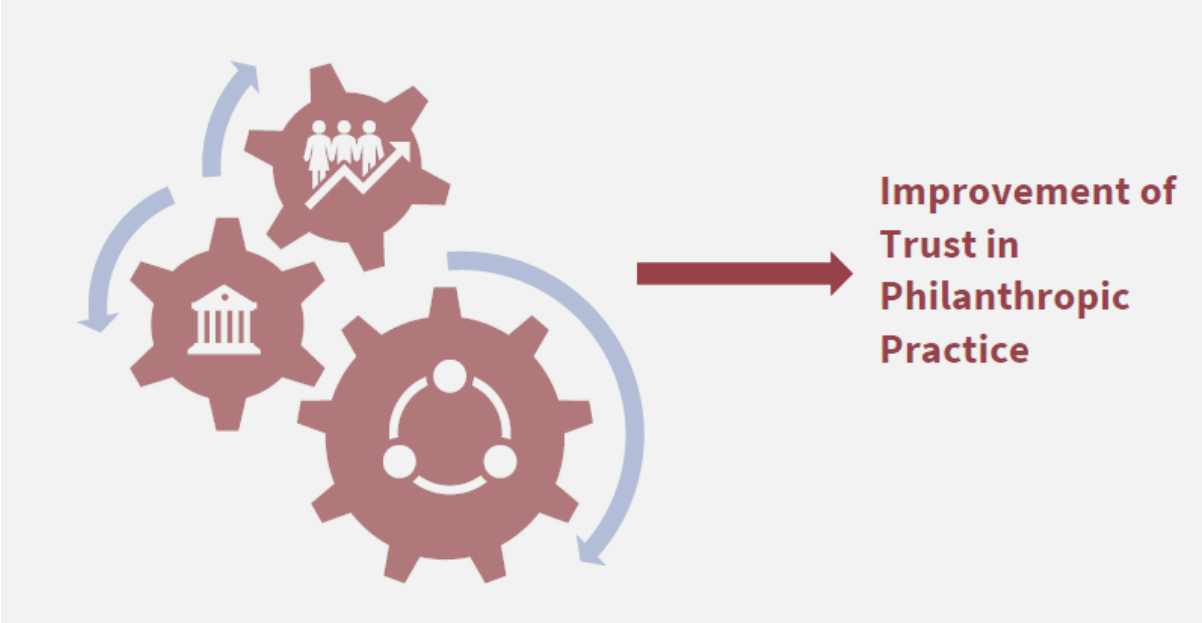
### INTRAORGANISATIONAL TRUST

Intraorganisational trust refers to trust within the philanthropic foundation. It applies to the relationships between managing and operating levels of philanthropic organisations, as well as to the relationship between leadership and employees and among staff. Following organisation theory, the more interactions within an organisation are imbued by trust, the lesser hierarchical working processes make sense. This corresponds with findings from organizational psychology which observe that high trust environments within organisations correspond with increased collaboration, creativity, and encouragement to innovate.

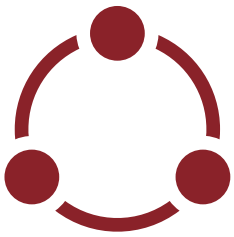
### INTER-ORGANISATIONAL TRUST

Interorganisational trust is the relationship between philanthropic organisations and actors of the philanthropic eco-system. This not only holds true for the relationship between donors and grantees, and ultimately beneficiaries, but also regarding other philanthropic organisations, e. g in the event of sharing information and resources, developing joint strategies or collaborating on implementation and delivery. In this sense, high degrees of interorganisational trust contribute to detecting limitations in collaborative efforts and helping reduce inefficient resource allocations through duplicate structures.

Exhibit 5: ***Working Logic between the three Dimension of Trust***




**INTER-SECTORAL TRUST**



Intersectoral trust depicts philanthropies' relations beyond the philanthropic eco-system with corporate or government actors. First, by building trust across sectors, philanthropic organisations may be able to better establish the important role they play in partnerships, rather than being perceived as a means of plugging financial and budgetary gaps. This may correspond with an insufficient epistemic awareness from corporate or government actors of the intentions, capacities, and abilities of philanthropy. By proactively pointing out the capacities and boundaries of philanthropic practice, philanthropic organisations might contribute to establishing themselves as epistemic communities with specific knowledge, expertise, and unheard voices to bring to the table.

# CHAPTER IV: MAIN RESULTS

## 1. Explore Knowledge and Expertise

The Philanthropy.Insight Project sought to increase the understanding and the awareness of the role of trust by exploring transformational expertise and knowledge. In accordance, it both developed practical expertise and contributed to lively academic debate. Multiple contributions were (and still are) published in different practitioner-oriented magazines, such as Rote Seiten, *Philanthropy.Impact Magazine*. The same held true for more academic journals, including *Trust&Trustees*, *and Foundation Review*. In addition, knowledge was specifically tailored to the communication channels of relevant organisations, such as *DAFNE*, *Wings* or the *Forum of Foundations in Israel*. Following this portfolio approach to providing research, the Philanthropy.Insight Project reached decision-makers, experts, and practitioners in introducing and supporting trust-related activities and practices.

## 2. Initiate Dialogue and Collective Reflection

As a second part of its strategic approach, the Philanthropy.Insight Project sought to create an environment in favour of trust-driven approaches to philanthropic practice. Over a period of two and a half years, decision-makers, experts, and practitioners across the OECD and beyond were brought together on a regular basis to reflect on the role of trust in philanthropic practice. Important milestones included the presentation of the Philanthropy.Insight Assessment Tool in context of the EFC Forum 2019, the cross-national dialogue amidst the beginning of a global pandemic in June 2020, and the Navigating Change Event in March 2021., Philanthropy.Insight's selection as a PEX Project and subsequent participation and contribution to the manifold PEX Events between 2019 and 2021, the PEX Fora and the PEX quarterly meetings, was highly important.

## 3. Develop Values-Based Reference System

Making sense of knowledge and dialogue activities to identify a values-based reference system lay at the core of developing good practice of trust-driven philanthropy. June 2021 marked the starting point of the Philanthropy.Insight Peer Practice Platform which, based on the Philanthropy.Insight Assessment Tool, brought together decision-makers from various countries. The working plan foresaw a one-year learning phase to foster and moderate the engagement of expertise, knowledge, and interaction within a network of willing and able actors. At the end of this process, the plan was to contribute to a meaningful and self-determined values-based reference system of *doing good well*.

## 1. EXPLORATION OF TRANSFORMATIVE KNOWLEDGE AND EXPERTISE

*The Philanthropy.Insight Project has sought to increase and channel discussion on the role of trust for philanthropic practice vis-à-vis the philanthropic eco-system, but also with the public and private sectors, and with the public at large. The next section of this document will showcase the research-based contributions by the project leaders in chronological order. Following this, the results of an interview series which took place between January and February 2021 will be presented.*

### RESEARCH-BASED CONTRIBUTIONS

#### Philanthropy.Insight. Work in Progress (2019)

*Rupert Graf Strachwitz, Rolf Alter, Timo Unger | Maecenata Observatorium 31, Berlin*

Disruptive dynamics of globalisation, the technological revolution, and the crisis of democracy proliferate changes within society, to which all parties need to react. Trust is one of the major casualties, with negative consequences for social cohesion, democracy, and the markets. Philanthropy is not exempt from these disruptive forces, which manifest in different ways. While the number of philanthropists is rising in most OECD countries, their profile is changing. Their financial capacity reaches unprecedented levels, while the boundaries of investment and philanthropic activity are becoming increasingly blurred. At the same time, calls for greater scrutiny of private giving are emerging, both in academia and from the public at large. How should organisations retain the license to operate and maintain and strengthen trust in philanthropy? Philanthropy.Insight aims at monitoring philanthropy in a new way. Going beyond an impact-driven assessment, a stronger, better defined and more accountable role of philanthropy within civil society may be developed. Donors and foundations as well as experts are invited to gather, assemble, and apply a common framework which enables philanthropy to live up to its full potential. To this end, Philanthropy.Insight offers a pentagon of monitoring criteria as a starting proposition.

Alter, R. / Strachwitz, R. G. / Unger, T. (2019): Philanthropy.Insight – Work in Progress. Maecenata Observatorium, 2019, 3.

**Improving Trust in Trusts? (2020)**

*Rupert Graf Strachwitz, Rolf Alter | Trust&Trustees, Oxford University Press, Oxford*

Given a general tendency to mistrust larger institutions and increasing scepticism regarding the legitimacy of private trusts and foundations in modern democratic societies, new tools need to be developed in order to be able to fend off criticism. Concentrating on outcomes and impact alone is arguably not enough. This article introduces Philanthropy.Insight, a new and more comprehensive tool with which to better assess the work of trusts and foundations.

Strachwitz, R. G. / Alter, R. (2020): "Improving Trust in Trusts: Introducing the Philanthropy.Insight Tool 26(6) Trusts&Trustees (2020) 489f.

**What Space for Philanthropy in Covid-19 Times? (2020)**

*Rolf Alter, Timo Unger | Philanthropy Impact Magazine, London*

During the Covid-19 pandemic, the demand for philanthropy among grantee groups has rising steeply whereas endowments will be impacted by the ensuing economic crisis. Thus, a coherent strategy for philanthropy *cum* and post the pandemic must be directed both at the current mismatch of demand and supply and ongoing measures. Based on three focal points – public utility, dialogue, and trust – we propose a joint learning process among leading actors of philanthropy to initiate a shared strategy for future philanthropy being conducive to open, fair and inclusive societies.

Alter, R. / Unger, T. (2021): What Space for Philanthropy in Covid-19 Times?
In: Philanthropy Impact Magazine 24 (4): London.

**Vertrauen in der Praxis der Philanthropie. Dimensionen, Prinzipien und Erfahrungsaustausch als Lernprozess (2020)**

*Rolf Alter, Timo Unger | Stiftung&Sponsoring (Rote Seiten), Erich Schmidt Verlag, Berlin*

Gesellschaftliche Institutionen und ihre Akteure stecken in einer Vertrauenskrise, die nicht erst die Pandemie ausgelöst hat. Auch für philanthropische Organisationen (POs) gilt es daher mehr denn je, die Ressource Vertrauen nicht nur zu beschwören, sondern das eigene Handeln in der Praxis gezielt auf Vertrauensbildung auszurichten. Das in der Maecenata Stiftung entwickelte Philanthropy.Insight Assessment Tool (PIAT) bietet dazu einen Leitfaden an, der Selbsteinschätzung und Erfahrungsaustausch als Lernprozess in den Mittelpunkt rückt. PIAT baut darauf auf, dass Vertrauen mehrdimensional ist) und daher nur ebenso vielfältig operationalisiert werden kann. Im Zentrum stehen zwei Fragen: Wem ist Vertrauen entgegenzubringen und wem gegenüber soll Vertrauen aufgebaut bzw. gestärkt werden? Welche Prinzipien können einer Praxis des Vertrauens der Philanthropie behilflich sein?

Alter, R. / Unger, T (2021): Vertrauen in der Praxis der Philanthropie. Dimensionen, Prinzipien und Erfahrungsaustausch als Lernprozess. In Stiftung&Sponsoring (2021). Rote Seiten.

**A Multidimensional Concept of Trust for Philanthropic Organizations. Propositions in light of the SDGs (2021)**

*Rolf Alter, Timo Unger | Philanthropy Impact Magazine, London*

We have identified three dimensions of trust that are relevant for philanthropies when promoting the SDGs. First, intra-organisational trust, meaning trusted organisational environments inside philanthropic organisations. Second, inter-organisational trust, associated with strengthening the relationships between actors within the philanthropic eco-system. Third, intersectoral trust, i. e. that philanthropies establish themselves as epistemic community vis-a-vis the public and private sector, but also against increasing public scrutiny.

Alter, R. / Unger, T. (2021): A multidimensional concept of trust for philanthropic organizations: Propositions in light of the SDGs. In: Philanthropy Impact Magazine 25: London.

**The Means at hand. Trust-driven practice strengthens the values-base of philanthropic organisations. DAFNE – Donors and Foundation Networks in Europe (2021)**

*Timo Unger | European Donors and Foundations Network – DAFNE, Brussels*

Recently, Beth Breeze remarked that what she called the “philanthropic impulse” needs to be safeguarded against increasing criticism. Breeze announced she will articulate and defend the values of philanthropy in her upcoming book. We can only applaud this approach, but would also emphasise the fundamental contribution of trust-driven practice that the Philanthropy.Insight Assessment Tool (PIAT) proposed by the Maecenata Foundation brings to the table. While philanthropic organisations often exhibit a diverse range of values, they only show minimal effort in institutionalising relevant practices. This paper argues that philanthropic organisations already have the means at hand to articulate and defend themselves and their values, by building and extending trust in their practice.

Unger, T. (2021): “The Means at Hand. Trust-driven practice strengthens the values-base of philanthropic organizations.” dafne. – Donor and Foundations Networks in Europe: Brussels

**Addressing Wicked Problems. Collaboration, Trust and the Role of Shared Principles at the Philanthropy Government Interface. (2021)**

*Rupert Graf Strachwitz, Rolf Alter, Timo Unger | Trust&Trustees, Oxford University Press*

Organisations may face great difficult in collaborating with governments, despite the benefits such collaborations can bring. However, operationalising trust in its emotional and practical form is seen as a central driver of collaborations across all sectors. By adopting performance management systems that include a broad understanding of performance beyond fixed indicators, it is argued that philanthropies are able to operationalise the resource trust. We suggest the Philanthropy.Insight Assessment Tool as an example of a trust-driven performance management system.

Strachwitz, R.G /Alter, R. / Unger, T. (2021): Addressing Wicked Problems. Collaboration, Trust and the Role of Shared Principles at the Philanthropy Government Interface. 27 (10) Trusts&Trustees (2021)

**Measuring the Impact of Philanthropy. Why it matters and how it can be improved (2022)**

*Rolf Alter, Timo Unger | Philanthropy Impact Magazine, London*

In the last two decades, philanthropy (understood as private resources for the public good, most prominently practiced by philanthropic foundations) has undergone substantial changes. Across the OECD and beyond, it has demonstrated remarkable growth in numbers, assets, and actors. In addition, these developments are dovetailed by professionalisation within the entire eco-system. The original objective of philanthropy as a source of good has been overshadowed by increased focus on measuring its outcomes. Whilst such measures promote accountability, more critical voices argue that measuring the impact of philanthropic foundations is highly complex, thus not necessarily leading to better outcomes for its beneficiaries. Against the backdrop of this controversial debate, this article centres around the question of why measuring impact is a challenging, but valuable practice for philanthropic foundations and around deriving propositions for potential improvement.

Alter, R. / Unger, T. (2022): Measuring the Impact of Philanthropy. Why it matters and how it can be improved. In: Philanthropy Impact Magazine 26: London.

**Building Trust in the Intentions of Philanthropy. How the creation of self-determined standards might reconcile the accountability deficit of philanthropic practice (2022)**

*Rolf Alter, Timo Unger | Foundation Review, pending*

In light of Covid-19, trust in philanthropies has substantially decreased. Against this backdrop, this article seeks to elaborate on the underlying reasons for this development. For various reasons, a lack of accountability mechanisms is a major obstacle to building trust in the intentions of philanthropy. Derived from this insight, there are three scenarios that showcase the way in which accountability mechanisms can be imposed on philanthropies. They range from lobbying for public regulation, to following a business-like code of conduct, and to creating a joint standard among well-reputed philanthropies. In a last part, authentic self-assessments, as proposed by the Philanthropy.Insight Assessment Tool, are suggested as an encouraging way forward to reflect on the modalities of self-determined standards.

*Pending*

## INTERVIEW SERIES

*A dedicated interview series with philanthropists, academics, advisors from different countries was conducted between 11 January 2021, and 4 February 2021, to reconsider the Philanthropy.Insight Assessment Tool and the role of trust in philanthropic practice. The following lists the interviewers' key takeaways.*

### Understanding of the Philanthropy.Insight Project

- As a tool to bring up a difficult subject
- As a holistic approach to adapt and alter the posture of philanthropy
- As an "inside evaluation" and part of an educational process

### Reflections on Trust as Resource of Philanthropy

- Trust as part of an organisation's quality and "a stone of authentic relationships"
- Trust is maintained by open and transparent relationships and created by consistently working on quality
- Trust is reflected by partnerships, e. g by those in collaboration with legitimate actors, such as governments

### Comments on Philanthropy.Insight Assessment Tool

- Public Purpose as most important criterion: too often a buddy-mentality prevails, which leads to conflicts of interest
- Commitment reflects the emotional side of what is done in philanthropy: it is a part of organisational value, but often requires more reflection
- Questions surrounding the Tool are reflected by a trade-off between utility and clarity; further practical application will make conceptualisation more precise

### Bringing in Practitioners' Demand

- Philanthropy.Insight should provide material that is open to being managed, allows for discretion and personal interpretation
- Philanthropy.Insight is to be seen as work in progress and should be about learning and include that trust is about vulnerability
- It would be helpful to combine the Philanthropy.Insight process with available open-access articles, cases, statements and interviews

Interviewed organisations included: Donors and Foundations Network in Europe – DAFNE, Carnegie UK Trust, Forum of Foundations in Israel, Kahane Foundation, ADAC-Foundation, Assifero, University of St. Andrews and others.

## 2. DIALOGUE AND COLLECTIVE REFLECTION

*The Philanthropy.Insight Project sought to create an environment in favour of trust-driven approaches to philanthropic practice. Over a period of two and a half years, decision-makers, experts, and practitioners across the OECD and beyond were brought together on a regular basis to reflect on the role of trust in philanthropic practice.*

Among the various events, important milestones included the presentation of the Philanthropy.Insight Assessment Tool in context of the EFC Forum 2019, the cross-national dialogue amidst the beginning of a global pandemic in June 2020, and the Navigating Change Event in March 2021, implemented in cooperation with the Carnegie UK Trust and Stiftung Mercator Schweiz. Importantly, selected as a PEX-project, Philanthropy.Insight participated and contributed to the manifold PEX Events between 2019 and 2021, the PEX Fora and the PEX quarterly meetings.

**DIALOGUE AND COLLECTIVE REFLECTION 2019-2022**

| 2019 | |
|---|---|
| ▪ Maecenata Foundation, Berlin, Germany: Kick-Off Workshop "Philanthropy.Insight" | |
| ▪ Maecenata Foundation, Berlin, Germany: Publication of Philanthropy.Insight Work in Progress | **May** |
| ▪ Goethe-Institut, Paris, France: Kick-Off of the Philanthropy.Insight Publication in context of the OECD Forum 2019. | |
| ▪ Gulbenkian Foundation, Lisbon, Portugal: Participation of Rolf Alter and Rupert Strachwitz at the conference on "Institutional Philanthropy, Trends Social Context, Distrust and Legitimacy"; mention of Philanthropy.Insight by Rien van Gendt during his keynote address. | |
| ▪ China Foundation Centre, Bejing, China: Introduction of the Philanthropy.Insight framework by Rupert Strachwitz to Chinese philanthropists. | **Sep** |
| ▪ Rockefeller Philanthropy Advisors, New York City, US: Introduction of the Philanthropy.Insight framework by Rolf Alter to the Rockefeller Philanthropy Advisors' Director of Knowledge Development, Olga Tarasov. | **Oct** |
| ▪ Blagosfera, Moscow, Russia: Introduction of the Philanthropy.Insight framework by Rolf Alter to 35 representatives of the Russian philanthropic community (in collaboration with the Director of Philanthropy Development at Vladimir Potanin Foundation, Roman Slotskiy). | **Nov** |

| | |
|---|---|
| ▪ Carnegie Trust UK, Scotland, UK: Participation of Rolf Alter at the Carnegie Trust UK Board Meeting to exchange on Phase II of the Philanthropy.Insight program. | |
| | **2020** |
| ▪ PEX Forum, Madrid, Spain: Introduction of the Philanthropy.Insight framework by Rupert Strachwitz to the PEX Community | **Jan** |
| ▪ Carnegie Trust UK, Scotland, UK: Zoom meeting on "Philanthropy after COVID-19: Trust and a new role for Philanthropy.Insight" (Memo attached) in cooperation with Carnegie Trust UK (online).<br>▪ Oxford University Press, Oxford, England: Article by Rolf Alter and Rupert Strachwitz on "Improving trust in trusts: introducing the Philanthropy.Insight tool" is published in Trusts & Trustees, Vol. 26, No. 6, July 2020, pp. 483–492.<br>▪ EUConsult, Paris, France: Invitation by EUConsult to Rolf Alter and Rupert Strachwitz to present the Philanthropy.Insight framework within a webinar (online). | **Jul** |
| ▪ DAFNE, Brussels, Belgium: Opening Session of the PEX-Forum Web Seminar Series on "Philanthropy.Insight" together with Rolf Alter and Rupert Strachwitz | **Sep** |
| ▪ The Association of German Foundations, Berlin, Germany: Web seminar by Rolf Alter and Rupert Strachwitz on the practical implications of the Philanthropy.Insight assessment tool in context of the Day of Foundations ("Tag der Stiftungen") | **Oct** |
| | **2021** |
| ▪ Philanthropy Impact Magazine, London, UK: Publication by Rolf Alter and Timo Unger on "What space for Philanthropy in Covid-19 times" (Winter Edition). | **Jan** |
| ▪ PEX Forum, Brussels, Belgium: Putting Philanthropy.Insight into Context: The relationship between trust and collaboration. (Online) | |
| ▪ Maecenata Foundation, Berlin, Germany: Philanthropy.Insight Interview Series with selected experts and practitioners from the field to sharpen the Philanthropy.Insight Assessment Tool | **Jan/Feb** |
| ▪ Oxford University Press, Oxford, England: Article by Rolf Alter, Rupert Strachwitz, and Timo Unger on "Addressing Wicked Problems. Collaboration, Trust and the Role of Shared Principles at Philanthropy and Government Interface. | **Feb** |

| | |
|---|---|
| ▪ Maecenata Foundation, Berlin, Germany: Navigating Change: Implications for Trust in Philanthropy. In cooperation with Carnegie UK and Mercator Schweiz | **Mar** |
| ▪ Philanthropy Impact Magazine, London, UK: Publication by Rolf Alter and Timo Unger on "A multidimensional concept of trust for philanthropic organizations. Propositions in light of the SDGs" | |
| ▪ Stiftung&Sponsoring, Berlin, Germany: Vertrauen in der Praxis der Philanthropie. Dimensionen, Prinzipien und Erfahrungsaustausch als Lernprozess. (Publication in 06/21) | **Apr** |
| ▪ Maecenata Foundation, Berlin, Germany: Launch of the Philanthropy.Insight – Peer Practice Platform | **Jun** |
| ▪ Annual Meeting Italian Family Foundations, Rome, Italy (cancelled) | **Sep** |
| ▪ EFC Annual Conference, Vienna, Austria | **Oct** |
| ▪ Interview with Rolf Alter and Timo Unger, DIE STIFTUNG, Berlin, Germany | **Dec** |
| | **2022** |
| ▪ Philanthropy Impact Magazine, London, UK: Scheduled Publication by Rolf Alter and Timo Unger on "Measuring the Impact of Philanthropy" (Winter Edition). | **Jan** |
| ▪ Foundation Review, Michigan, US: Scheduled Publication by Rolf Alter and Timo Unger on "Trust in the Intentions of Philanthropy" | **Mar** |

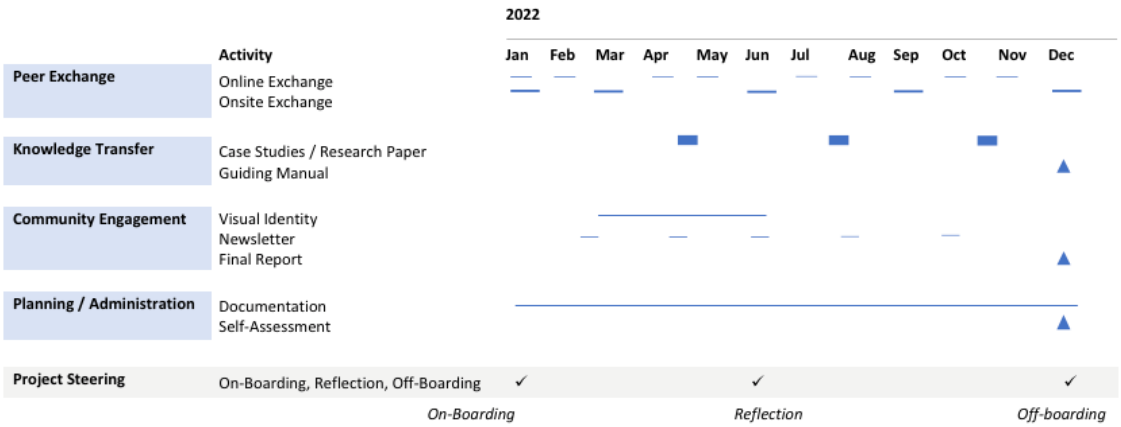
## 3. VALUES-BASED REFERENCE SYSTEM

*Identifying a values-based reference system lied at the core of developing good practice of trust-driven philanthropic practice. June 2021 marked the starting point of the Philanthropy.Insight Peer Practice Platform.*

The Philanthropy.Insight Peer Practice Platform, based on the Philanthropy.Insight Assessment Tool, brought together decision-makers from various countries. The working plan (see Exhibit 6) foresaw a one-year learning phase to foster and moderate the engagement of expertise, knowledge, and interaction within a network of willing and able actors. The end of the process aimed to contribute to a meaningful and self-determined values-based reference system for trust-driven philanthropic practice.

Exhibit 6: ***Peer Practice Platform: Activities, Schedule, Budget, Experimentation Phase***

**Activities & Time Schedule**




**Budget**

| ACTIVITY | OUTPUT | RE |
|---|---|---|
| **Peer Exchange** | *8 Subject-Oriented Exchange (online)*<br>*4 Deep Dive Exchange (onsite)* | |
| **Knowledge Transfer** | *3 Case Studies / Research Paper*<br>*1 Guiding Manual* | |
| **Community Engagement** | *Visual Identity*<br>*5 Newsletter*<br>*1 Final Report* | |
| **Planning / Administration** | *Ongoing Documentation*<br>*Self-Assessment of Cooperation* | |
| **Project Steering** | *Off-Boarding*<br>*Reflection*<br>*Off-Boarding* | |
| ***TOTAL*** | | ***€100.000*** |

# CHAPTER V: LESSONS LEARNT AND OUTLOOK

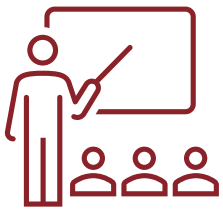
*The Philanthropy.Insight Project sought to create an environment in favour of trust-driven approaches to philanthropic practice. After two and a half years, we can infer several lessons from this and make predictions on the future of trust in philanthropic practice.*

## 1. LESSONS FOR TRUST AND PHILANTHROPY

### Lesson One

The first lesson calls on the **resource trust**. Building and extending trust is and will be an indispensable value and therefore a challenge for actors in open societies. As has been demonstrated by the public and private sectors, multiple decisions have been made to cope with that challenge. Although new projects focusing on trust within the field of philanthropy have recently emerged, facilitating discussions on climate change, gender inequality and racial injustice, there needs to be more analysis of trust as an overarching theme within such areas. This will require greater initiative from decision-makers in using their power to shape agendas and bring the issue of trust to the table. Such commitment from leaders could prove invaluable.

### Lesson Two



The second lesson stems from the first. Whereas losing trust is simple, building and extending trust is extremely difficult and will rely on a coherent response among philanthropic decision-makers and their institutions. An institutionalised platform for **exchange and learning will be a fundamental element** to begin improving the philanthropic practice vis-à-vis the resource trust. The Philanthropy.Insight Project has demonstrated that interested and likeminded parties exist to pursue such an endeavour. As we have learned, it relies first and foremost on decision-makers implementing new policies, and not just on the issue being raised at the table. Therefore, interested philanthropic decision-makers might consider further embracing the opportunity to utilize learning and development strategies in all areas of their organisations.

**Lesson Three**

Lessons Three is less connected to the issue of trust, but rather to the general challenge of **dealing with knowledge and expertise**. Based on our experience, the same amount of time and effort that is needed to collect and process information is required to channel it to the desired audience. This holds true not only true for way information is distributed, but for the conceptualisation and the language of the processed information. Consequently, setting the agenda is dependent on marketing techniques and being able to sell an idea.

**Lesson Four**

Developing trust in philanthropic practice is dependent on a strong network. The Philanthropy.Insight Project was able to contribute in the way it did through its extensive links with partners and institutions who helped to set the agenda. This concerns the development and distribution of publications as well as the participation in thematic discussion and events. The philanthropic eco-system has great staff at its disposal. However, at a certain point in time, ambitious interests need to find their expression in the **commitment to sufficient funding**. Otherwise, relevant ideas are being dismissed before they could ever be put into practice.

**Lesson Five**

The lack of trust was again put squarely on the table at the opening session of the critical EFC meeting in Vienna 2021. When it comes to tangible commitment and engagement in favour of trust-driven practice of philanthropy we found, however, that **the spirit of risk taking and innovation regularly proclaimed** by philanthropic actors failed us. Did our Philanthropy.Insight project not have an effective communication strategy to reach our target group of reform-minded founders and leaders of philanthropy? Did our inclusive approach of trust-building from inside the sector fall victim to the noise level in the eco-system generated by readily available Declarations, Manuals and Certifications of trust? Or is it rather a **lack of courage of leaders to face potentially unpleasant findings** on the current trust related deficiencies of their philanthropic strategies and projects? Or could it just be the preference for the comfortable consensual

community culture to continue to be shielded from too much transparency and scrutiny? At this point, we do not have answers to those questions. They need however to be kept in mind whenever efforts of trust building in practice are pursued.

## 2. OUTLOOK

Philanthropy is predominantly personal. Notwithstanding the machinery – small or large – to manage philanthropic initiatives, and regulatory frameworks, the ultimate decision to give is in the mind and hands of the founder. The consequences of these decisions affect people's lives. Interpersonal trust is the basic currency of this relationship.

Today's philanthropic eco-system pays tribute to trust in declarations, guidelines, and public speeches. But what about putting it into practice? Is trust a given just because you give? Hardly so. Can it be ordered? For sure, not.

Trust is to be earned – again and again. Many institutions including governments, business, civil society are confronted with weak and declining trust of citizens, and clients. Recent statistics confirm that the same is the case for philanthropy.

Earning trust requires integrating the aspiration of trust into the design of philanthropic strategies and projects. The pandemic highlights shortcomings and underscores the urgent need to reinvigorate solidarity and sustainability. Philanthropy represents the very essence of these imperatives. It can and is responding. But without trust, philanthropy risks becoming doubted, marginalised, and ultimately rejected.

Philanthropy.Insight offers a practical approach towards integration. It reminds leaders of their responsibility in setting the rules of their philanthropic practice, within the organisation, vis-à-vis beneficiaries, other philanthropies, civil society and, finally, the public at large. Awareness of the importance of trust, exchanging with like-minded leaders on experiences and practices in trust building and advocacy for trust-based philanthropy are milestones in centering philanthropy within society.

For the future of philanthropy, we encourage leaders to become more involved in instilling trust in their operations: they must earn it but also extend it. No amount of giving, no impact and no return on social investment can replace trust.

Leaders will not be alone in their endeavours. Important international agenda setters, such as the OECD, are increasing their activities on philanthropy. Recently, the EU has initiated a far-reaching action plan for the social economy, including philanthropy. PHILEA, a convergence of DAFNE and EFC in Brussels, and a strong voice within the European philanthropic eco-system, is putting trust on its ambitious agenda.

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## ANNEX: GUIDING MANUAL

MAECENATA STIFTUNG
MAECENATA FOUNDATION
TOCQUEVILLE FORUM

# THE PHILANTHROPY.INSIGHT
# ASSESSMENT TOOL[1]

**HOW TO APPLY IT**

IMPROVING TRUST-DRIVEN PHILANTHROPY

[1] Annex To the Trust In Philanthropy Report

- Developing a detailed implementation manual should have been the next step of the project, which unfortunately cannot be realised due to financial constraints. What follows is a short outline that may help philanthropic institutions – and indeed any civil society organisation – to put the Philanthropy.Insight Tool to practical use and gain valuable information concerning the mission and working mechanisms of the organisation.
- The Philanthropy.Insight Tool was not invented by Maecenata for comparing, rating, or ranking organisations in a competitive way. On the contrary, it should serve primarily as an internal instrument for developing a mission statement or strategy and to enable comprehensive and well-informed decision making processes. However, comparing results might well prove to be a fruitful exercise in order to obtain a better feeling for the strengths and weaknesses of individual organisations.

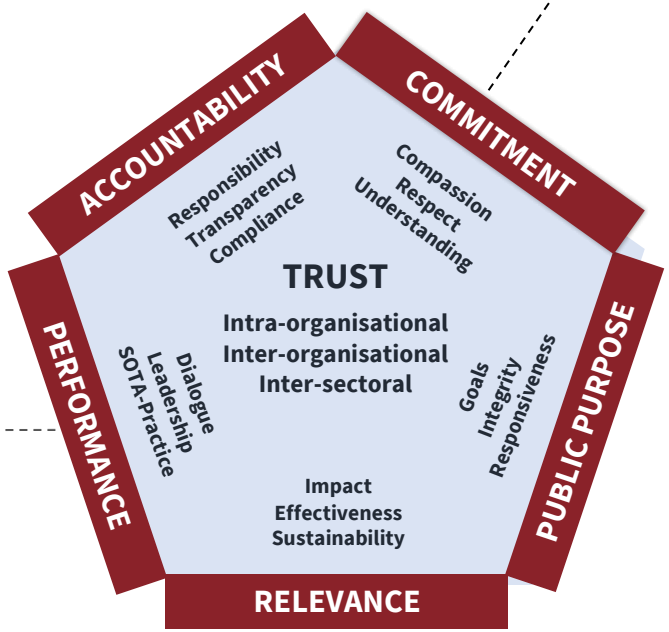
I. Central Components
II. Implementation of the Tool
III. Processing the Assessment
IV. Interpretation of Results

# THE **PHILANTHROPY.INSIGHT ASSESSMENT TOOL** COMPRISES THE **PRINCIPLES**, **QUALITIES** AND **DIMENSIONS** OF **TRUST-DRIVEN** PHILANTHROPIC PRACTICE

# THE PHILANTHROPY.INSIGHT ASSESSMENT TOOL

*Central Components*

Three interlocking **dimensions** of trust set in relation to principles




Five **principles** of trust-driven philanthropic practice alluding to trust in **intentions** and trust in **competence**

Each principle combines three **qualities** including three **guiding questions***

[1] Intra-organisational Trust

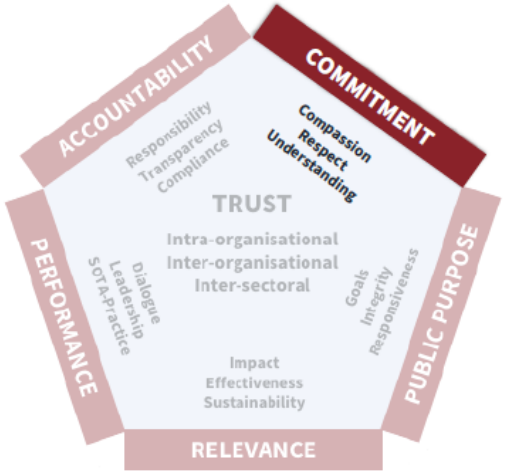
[2] Inter-organisational Trust

[3] Inter-sectoral Trust

[1] Commitment, Public Purpose, Relevance

[2] Performance, Accountability

EACH **PRINCIPLE** IS BROKEN DOWN INTO **THREE QUALITIES** WHICH ARE CONNECTED IN EACH CASE TO **THREE GUIDING QUESTIONS** IN EACH CASE

| PRINCIPLE | QUALITY | GUIDING QUESTIONS |
|---|---|---|
|  | Compassion | ❖ To what extent is the organisation imbued by a spirit of compassion?<br>❖ How does compassion permeate to programmes, projects, and action?<br>❖ How is made sure that compassion consistently takes precedence over other goals the organisation may pursue? |
| | Respect | ❖ To what extent does a spirit of respect for each human being pertain to all activities of the organisation?<br>❖ How is made sure that all actions are taken in an atmosphere of sincerity and respect for the dignity and priorities of every beneficiary?<br>❖ In what way is the organisation respectful of cultural diversity? |
| | Understanding | ❖ To what extent is the organisation oriented exclusively towards the well-being of beneficiaries and partners?<br>❖ How is the voice of the beneficiaries considered?<br>❖ In what way is the organisation conscious of its mission as civil society actor? |

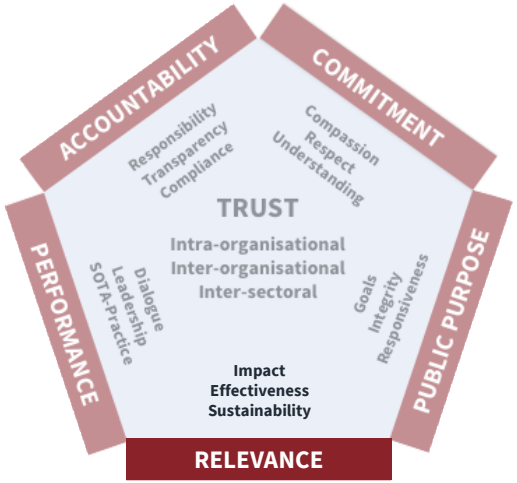
# THE PHILANTHROPY.INSIGHT ASSESSMENT TOOL

*Central Components – Qualities and Guiding Questions*

| PRINCIPLE | QUALITY | GUIDING QUESTIONS |
|---|---|---|
| | Goals | ❖ To what extent are the statuary goals of the organisation in accordance with public benefit goals?<br>❖ How does the organisation maintain sufficient independence from purposes proclaimed by the state and/or the business sector?<br>❖ In what way does the organisation make amends for conflicts of acceptance? |
| | Integrity | ❖ How does the organisation steer clear of money-laundering and tax evasion?<br>❖ In what way do the statutes of the organisation provide for safeguards against corruption and other unlawful activities?<br>❖ To what extent does the organisation adopt a culture of fairness and integrity? |
| | Responsiveness | ❖ How are institutions, programmes, projects and actions based on real need?<br>❖ In what way are partners, beneficiaries, and experts involved in decision-making processes?<br>❖ To what extent is the organisation flexible in responding to changes? |

# THE PHILANTHROPY.INSIGHT ASSESSMENT TOOL

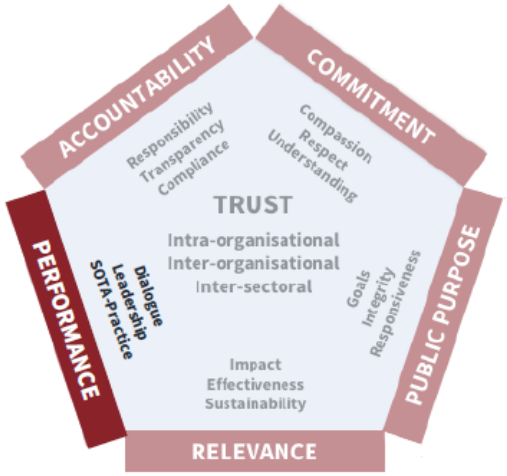
*Central Components – Qualities and Guiding Questions*




| PRINCIPLE | QUALITY | GUIDING QUESTIONS |
|---|---|---|
| | Impact | ❖ In what way is a methodology in place to ensure a short- and medium-term non-partisan evaluation of all projects?<br>❖ To what extent is a discussion process in place to ensure beneficiaries' participation in evaluating projects?<br>❖ How are failures and mistakes sufficiently and publicly acknowledged? |
| | Effectiveness | ❖ By what means are methods in place to monitor the outcome of methods and projects?<br>❖ How do programmes and projects contain mechanisms of adjustment to changing circumstances?<br>❖ To what extent is the organisation sufficiently experimental, and by what mode does it failure to promote its effectiveness? |
| | Sustainability | ❖ To what extent to programmes and projects conform to UN SDGs?<br>❖ How are programmes and projects devised and pursued to contribute to social change?<br>❖ In what way are grant programmes executed with sufficient scope and duration to ensure partner's sustainable organisational development? |

# THE PHILANTHROPY.INSIGHT ASSESSMENT TOOL

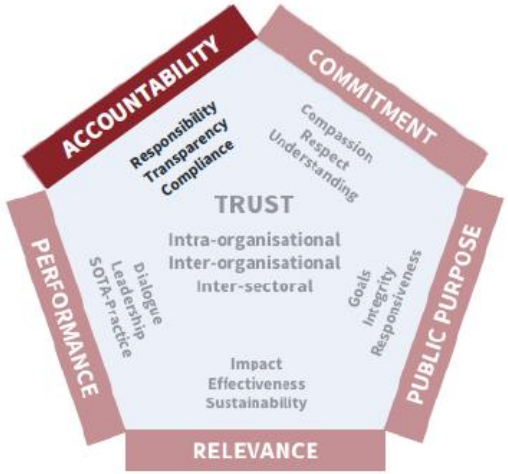
*Central Components – Qualities and Guiding Questions*




| PRINCIPLE | QUALITY | GUIDING QUESTIONS |
|---|---|---|
| | Dialogue | ❖ To what extent does the organisation operate on a level playing field with partners and beneficiaries<br>❖ By what mode does the organisation provide for short-, medium- and long-term relationships as seems beneficial in pursuing its goals?<br>❖ In what way are failures and mistakes sufficiently and publicly acknowledged? |
| | Leadership | ❖ To what extent are members of board(s)/staff chosen based on their commitment, leadership abilities, know-how and trustworthiness?<br>❖ How does the governance system ensure that decisions are made responsibly and in accordance with the organisation's statutes and mission?<br>❖ How does the organisation pay attention to the specific abilities, needs, and limitations of donors and volunteers? |
| | State-of-the-Art Practice | ❖ By what mode are strategic goals defined, pursued and evaluated?<br>❖ To what extent are specific civil society management skills trained and applied?<br>❖ In what way is the management of the organisation committed to the organisation's strategic goals? |

# THE PHILANTHROPY.INSIGHT ASSESSMENT TOOL

*Central Components – Qualities and Guiding Questions*




| PRINCIPLE | QUALITY | GUIDING QUESTIONS |
|---|---|---|
| | Responsibility | ❖ In what way does the organisation actively interact with the public?<br>❖ How is made sure that online resources and publications meet accepted reporting standards?<br>❖ By what means does the organisations prepare to react to comments, criticism, question, demands, and applications? |
| | Transparency | ❖ How is made sure that methods of accounting conform to state-of-the-art standards?<br>❖ To what extent do periodical reports provide sufficient information on the purpose, methodology, practice, and outcome of all operations?<br>❖ In what way does the organisation meet requirements by law or by choice to make reports and accounts publicly available? |
| | Compliance | ❖ How does the organisation regard itself as a civil society organisation and comply with standard civil society rules and procedures?<br>❖ To what extent does the organisation abide by the law in pursuing its aims, and in reporting, and publicizing?<br>❖ By what mode does the organisation defend its own and general civil society principles in the face of interference, harassment, and pressure? |

# HOW TO IMPLEMENT THE **PHILANTHROPY.INSIGHT ASSESSMENT TOOL ?**

- The decision to implement the Philanthropy.Insight tool touches on executive vested rights of the board and/or CEO of an organisation. For the results to be of value, a policy decision to implement the tool should be taken before the process begins.
- The following description of steps to be taken may or may not be followed. Alternative methods of implementation may indeed be envisaged.
- The results of an implementation process may or may not be made available to staff, stakeholders and/or the general public at the discretion of the board or CEO responsible for putting the tool to use.

- A safe and established model for implementing the Philanthropy.Insight Tool is the example set by the Civicus Civil Society Index Project methodology from around 2002. The methodology (described as the Civil Society Diamond) was developed by Helmut Anheier, then director of the Centre for Civil Society at the London School of Economics. Importantly, however, unlike the Philanthropy.Insight Tool, the Civil Society Diamond was designed expressly in order to be able to compare.
- Using the Philanthropy.Insight Tool is not dissimilar to developing a mission statement. To this end, it has become common practice to adopt a mixed top-down and bottom-up procedure, with top management working closely with staff members and/or volunteers in finding answers to the questions posed. However, whereas developing a mission statement focusses on goals and values, this tool focusses on an analysis of values actually pursued and therefore necessitates a modified approach.

viz: Volkhart Finn Heinrich: Assessing and Strengthening Civil Society World Wide – A Project Description of the Civicus Civil Society Index: A Participatory Needs assessment & Action Planning Tool for Civil Society. Civicus: Civicus Civil Society Index Paper series, vol. 2, issue 1 (https://www.civicus.org/view/media/CSIAssessingnandStrengtheningCivilSocietyWorldwide.pdf).

viz.: Stefan Kühl: Leitbilder erarbeiten. Wiesbaden: Springer VS 2017

For further reading see i.a.:

- Civil Society Index Toolkit: https://cdn.odi.org/media/documents/6654.pdf
- Volkhart Finn Heinrich: Civicus Global Survery of the State of Civil Society. Bloomfield (CT): Kumarian Press. Vol. 1 2007 / vol. 2 2008
- Sabine Reimer: The Strength of Civil Society in Germany (English and German). Berlin: Maecenata 2006

A process that involves outsiders would seem to be superior to one involving only members and dependants. Interested organisations wishing to adopt the tool might assemble

- one mixed team of insiders (trustees, board members, executives, staff members, trainees, volunteers, &c.);
- one mixed team of outsiders (stakeholders, beneficiaries, intermediaries, observers, experts, &c.).

The teams will work on the same task in two steps:

1. The teams meet in separate sessions.
2. The teams meet in one or more joint sessions.

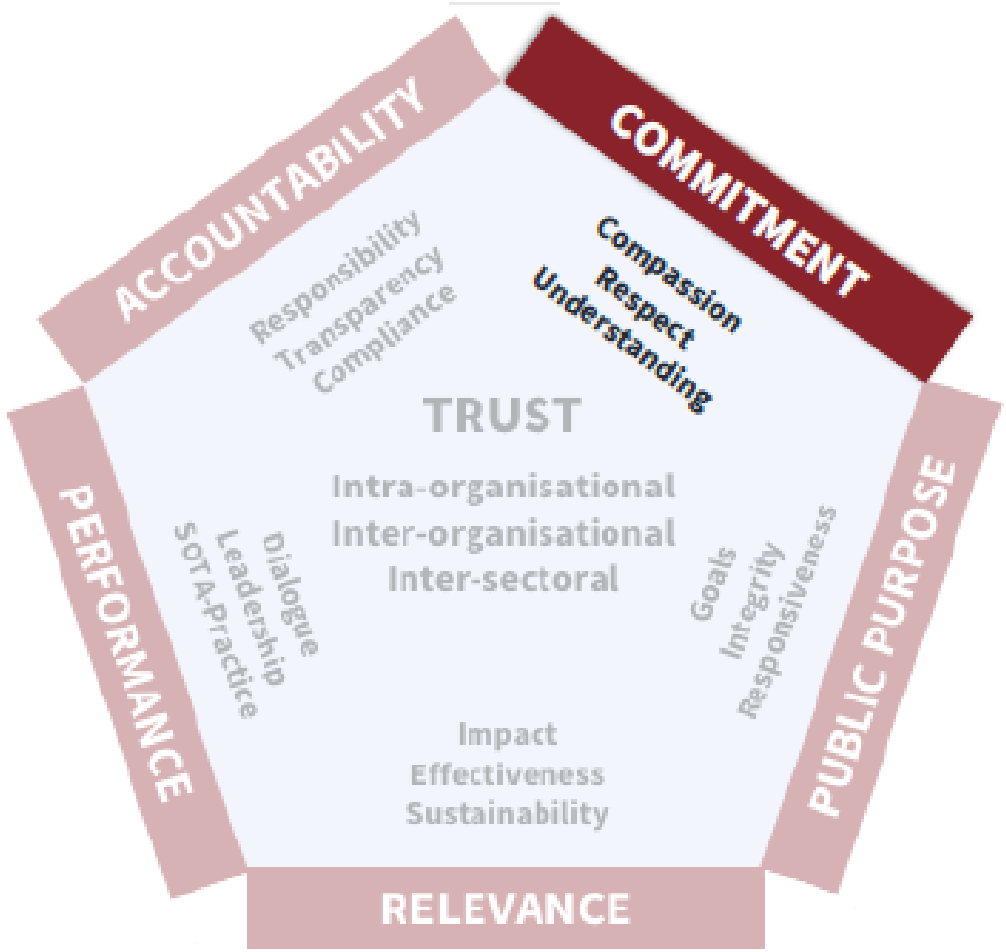
- The teams have the job of answering the 45 questions raised in the tool. Ideally, they will reach mutually acceptable answers within each team.
- The answer to each question shall be ranked as good (5), average (3), or poor (1) (see Exhibit 5).
- The teams will then aggregate the rankings by subcategories and then by categories.
- The results will be discussed between the teams. Ideally, answers acceptable to all members of both teams will be found. In exceptional cases, differences may not be able to be bridged and will appear as such.
- The final result will be a pentagon showing the final aggregated rankings of all answers to the questions of each category.

TO PROCESS THE ASSESSMENT, EACH **QUALITY** IS VIEWED THROUGH THE LENS OF ITS RESPECTIVE **DIMENSION OF TRUST** AND RANKED ON A **3 POINT LIKERT SCALE**

| POOR (1) | AVERAGE (3) | GOOD (5) |
|---|---|---|

# THE PHILANTHROPY.INSIGHT ASSESSMENT TOOL

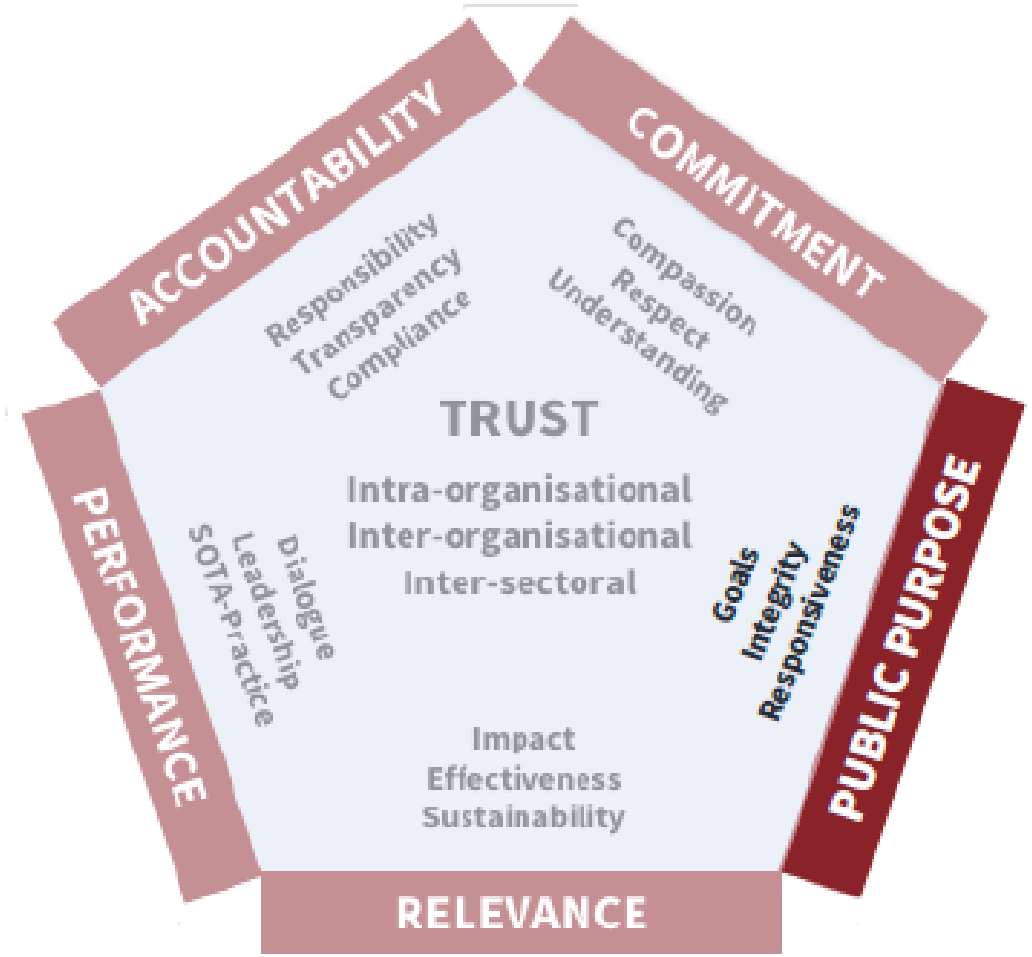
*Processing the Assessment*




| | | | |
|---|---|---|---|
| Understanding | To which extent is the organization oriented exclusively towards the well-being of beneficiaries and partners | 3 | 2,33 |
| | How is the voice of the beneficiaries taken into account? | 3 | |
| | In which way is the organization conscious of its mission as civil society actor? | 1 | |
| Compassion | To which extent is the organization imbued by a spirit of | 3 | 3 |
| | How does compassion permeate to programs, projects and action? | 3 | |
| | How is made sure that compassion consistently takes precedence over other goals the organization may pursue? | 3 | |
| Respect | To which extent does a spirit of respect for each and every human being pertain to all activities of the organization? | 5 | 3 |
| | How is made sure that all actions are taken in an atmosphere of sincerity and respect for the dignity and priorities of every beneficiary? | 3 | |
| | To which extent is the organization respectful of cultural diversity? | 1 | |

# THE PHILANTHROPY.INSIGHT ASSESSMENT TOOL

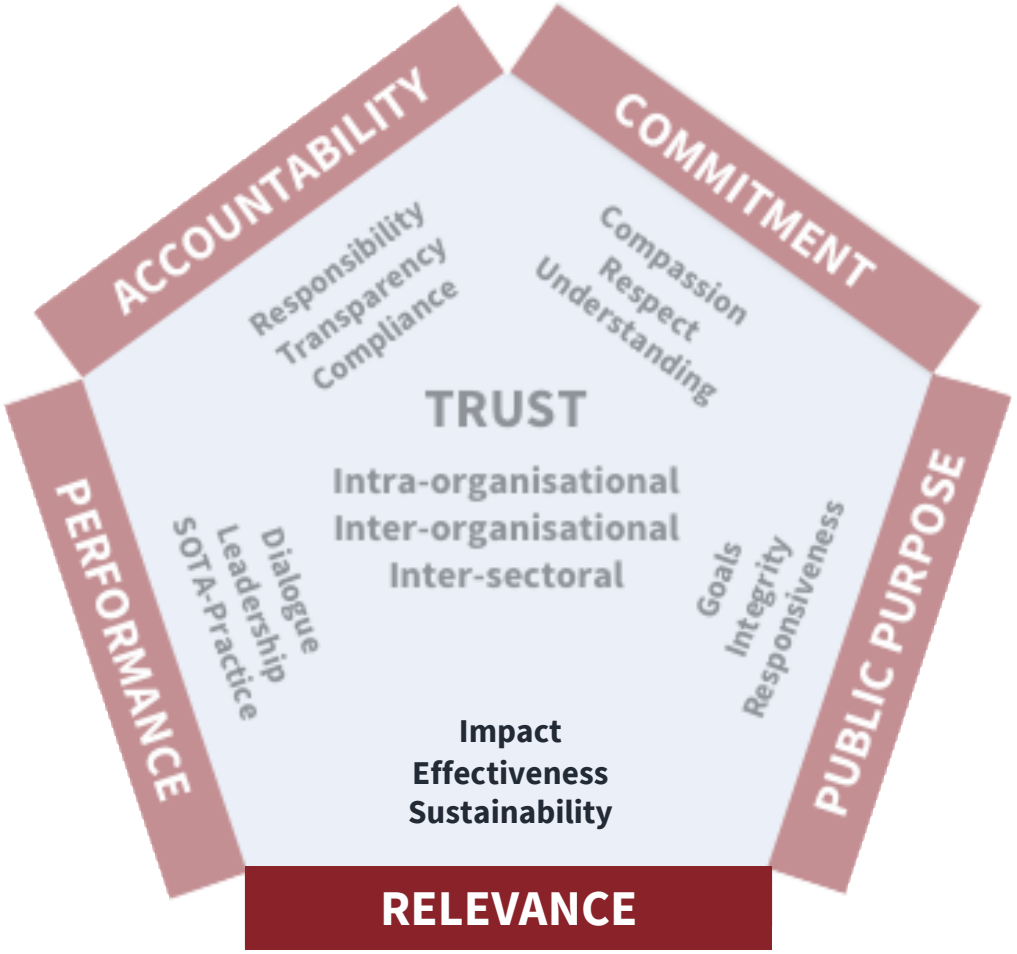
*Processing the Assessment*




| | | | |
|---|---|---|---|
| Goals | To which extent are the statuary goals of the organization in accordance with public benefit goals? | 3 | 4,3 |
| | How does the organization maintain sufficient independence from purposes proclaimed by the state and/or the business sector? | 5 | |
| | In which way does the organization make amends for conflicts of acceptance? | 5 | |
| Integrity | How does the organization steer clear of money-laundering and tax evasion? | 3 | 3 |
| | In which way do the statutes of the organization provide for safeguards against corruption and other unlawful activities? | 3 | |
| | To which extent does the organization adopt a culture of fairness and integrity | 3 | |
| Responsiveness | How are institutions, programs, projects, and actions based on real need? | 5 | 5 |
| | In which way are partners, beneficiaries, and experts involved in decision-making processes? | 5 | |
| | To which extent is the organization flexible in responding to changes? | 5 | |

# THE PHILANTHROPY.INSIGHT ASSESSMENT TOOL

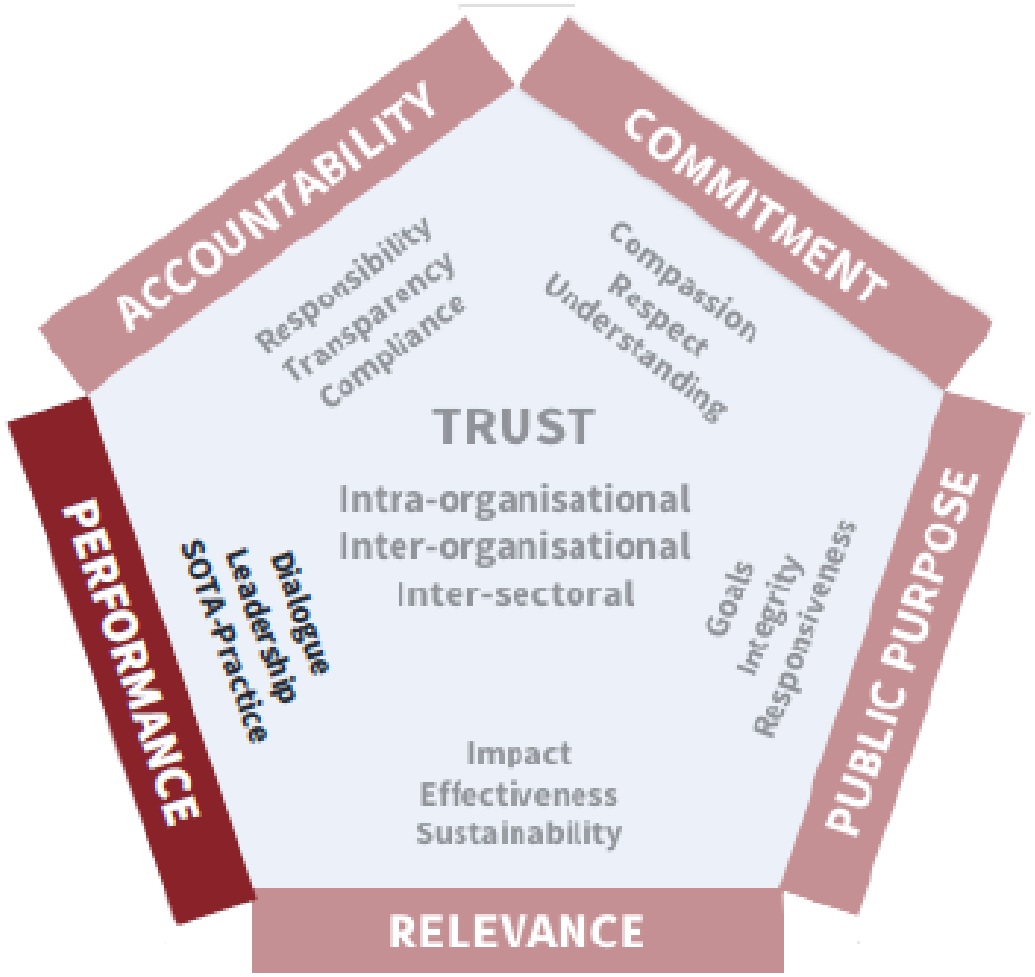
*Processing the Assessment*




| | | | |
|---|---|---|---|
| Impact | In what way is a methodology in place to ensure a short- and medium-term non-partisan evaluation of all projects? | 5 | 5 |
| | To which extent is a discussion process in place to ensure beneficiaries' participation in evaluating projects? | 5 | |
| | How are failures and mistakes sufficiently and publicly acknowledged? | 5 | |
| Effectiveness | By what means are methods in place to monitor the outcome of methods and projects? | 5 | 4,3 |
| | How do programs and projects contain mechanisms of adjustment to changing circumstances? | 5 | |
| | To which extent is the organization sufficiently experimental, and by what mode does it fail to promote its effectiveness? | 3 | |
| Sustainability | To which extent to programs and projects conform to UN SDGs? | 3 | 3 |
| | How are programs and projects devised and pursued to contribute to social change? | 3 | |
| | In what way are grant programs executed with sufficient scope and duration to ensure partner's sustainable organizational development? | 3 | |

# THE PHILANTHROPY.INSIGHT ASSESSMENT TOOL

*Processing the Assessment*




| | | | |
|---|---|---|---|
| Dialogue | To which extent does the organization operate on a level playing field with partners and beneficiaries | 5 | 5 |
| | By what mode does the organization provide for short-, medium- and long- term relationships as seems beneficial in pursuing its goals? | 5 | |
| | How are failures and mistakes sufficiently and publicly acknowledged? | 5 | |
| Leadership | To which extent are members of board(s)/staff chosen based on their commitment, leadership abilities, know-how and trustworthiness? | 5 | 4,3 |
| | How does the governance system ensure that decisions are made responsibly and in accordance with the organization's statutes and mission? | 5 | |
| | In what way does the organization pay attention to the specific abilities, needs, and limitations of donors and volunteers? | 3 | |
| State-of-the-Art-Practice | By what mode are strategic goals defined, pursued and evaluated? | 5 | 5 |
| | To which extent are specific civil society management skills trained and applied? | 5 | |
| | In what way is the management of the organization committed to the organization's strategic goals? | 5 | |

# THE PHILANTHROPY.INSIGHT ASSESSMENT TOOL

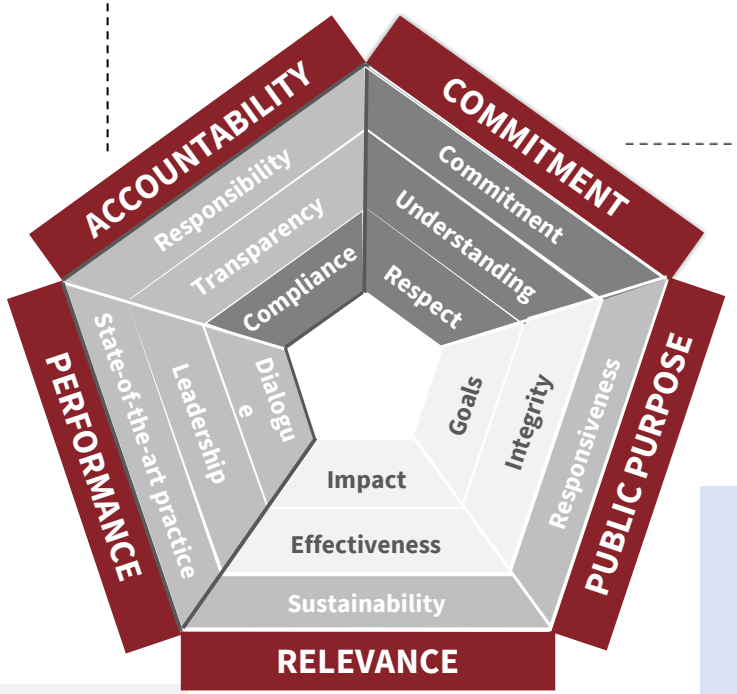
*Processing the Assessment*

| | | | |
|---|---|---|---|
| Responsibility | In what way does the organization actively interact with the public? | 5 | 5 |
| | How is made sure that online resources and publications meet accepted reporting standards? | 5 | |
| | By what means does the organizations prepare to react to comments, criticism, question, demands, and applications? | 5 | |
| Transparency | How is made sure that methods of accounting conform to state-of-the-art standards? | 5 | 4,3 |
| | To which extent do periodical reports provide sufficient information on the purpose, methodology, practice, and outcome of all operations? | 5 | |
| | In which way does the organization meet requirements by law or by choice to make reports and accounts publicly available? | 3 | |
| Compliance | To which extent does the organization regard itself as a civil society organization and comply with standard civil society rules and procedures? | 3 | 3 |
| | How does the organization abide by the law in pursuing its aims, and in reporting, and publicizing? | 3 | |
| | By what mode does the organization defend its own and general civil society principles in the face of interference, harassment, and pressure? | 3 | |

# THE **RESULTS OF THE PHILANTHROPY.INSIGHT ASSESSMENT TOOL** SHOWCASE **POSITIVES AND NEGATIVES** AND THUS **ENABLE LEARNING**

- The joint assessment team will then use these results to assess the strengths and weaknesses of the organisation and present the results and the assessment to the board (or CEO &c.).
- The board (or CEO &c.) will survey the results and take note of any difficulties encountered, criticism voiced, and suggestions for improvement.
- In particular, the board (or CEO &c.) will compare the results with the vision and mission of the organisation. A general ranking of indicators by their supposed importance is neither intended nor to be wished for. The assessing body is at perfect liberty to draw whatever conclusions it sees fit from the individual picture that presents itself.
- The board (or CEO &c.) may consult with one or both assessment teams to clarify points, but should refrain from holding discussions with individual members of the teams and from arbitrarily modifying the results presented.

In this example, the organisation demonstrates a **great focus** on its competency area, though it might want to take a **deeper look** at its compliance practices.




POOR (1) | AVERAGE (3) | GOOD (5)

The assessment alludes to **potential for *trust in intentions***, especially **within the organisation**. In particular, the field of commitment stands out.

Based on this assessment, the organisation might consider developing further **insights in the field of *commitment*** to foster its trust-driven approach philanthropic practice.

Foundations worldwide vary enormously in mission, history, values, size, legal framework, operating methods, traditions, governance structure &c. The purpose of this exercise can therefore never be to find a uniform way of judging, rating, or ranking them. Rather,

- The Philanthropy.Insight Assessment Tool may assist in determining individually, whether the organisation lives up to its very own mission;
- The Philanthropy.Insight Assessment Tool may enable or necessitate a process of critically assessing its mission;
- The Philanthropy.Insight Assessment Tool may point to challenges and weaknesses that need to be addressed;
- The Philanthropy.Insight Assessment Tool may lead to the development of a trust strategy to put the relationship between an organisation and its stakeholders on a new footing.

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