



Philanthropie AKTUEL

Center for Philanthropy Studies (CEPS), Universität Basel
Steinengraben 22, CH-4051 Basel
Tel.: +41 61 207 23 92, Fax: +41 61 207 23 93, E-Mail: ceps@unibas.ch
www.ceps.unibas.ch

EDITORIAL

Dear readers



«Giving gives» is a beautiful saying. And people like to give when they are asked to do so. Part of the high art of fundraising is to be able to address people asking the right question. It is often a matter of values, feelings and emotions. People give because they feel emotionally attached or obliged. The ideas of Effective Altruism take a very different direction: Worth supporting and appropriate is what is countable. Inevitably, the result of this is standardization and a tendency towards a manufacturing attitude. Not surprisingly, the most efficient NPO according to «Give Well» are those that have specialized in a standardized offer like mosquito nets or deworming. The question of who benefits is less important than the number of beneficiaries, their maximization being central to the idea. The only individual of importance is the donor him or herself. Thus, Effective Altruism is an instruction for self-righteous actions rather than a means to solve the challenging social problems of this world.

In this edition, we introduce you to the newest developments in the financing of NPO. Besides Effective Altruism, Donor-advised Funds and global developments in fundraising generally are discussed.

Your Georg von Schnurbein

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Charity by the slide rule?

In recent years, a movement has been growing in the university-academic environment in Oxford calling its actions 'Effective Altruism'. Intellectual figurehead is the 30-year-old university professor William MacAskill, who runs the «Centre for Effective Altruism» in Oxford and whose intellectual mentor is the Australian philosopher Peter Singer. Both are at the center of the debate after having published the books «Doing Good Better» and «Effective Altruism». A contribution by Odilo Noti, president of SwissFundraising and spokesman of Caritas Switzerland.

The basic underlying question in Effective Altruism according to MacAskill is: «How can I do as much good as possible?» whereby doing good can only be effective if it follows a scientific approach. So the answer to the question is supported by facts and is led by a systematic and impartial search of the truth. The philosophy of Effective Altruism could be summed up as a dispassionate and deliberating rationality over spontaneous emotionality.

Doing as much as possible

Yet, following its exponents, Effective Altruism intends to improve the life of others, of the poorest. This, however, does not require a willingness to make sacrifices, an attitude of self-abnegation or renunciation as commonly associated with the term 'altruism'. Doing good is possible without having to renounce to a pleasant life oneself. It is no coincidence that one of the maxims is: «earning to give». We can and are permitted to earn well, even very well, because it enables us to donate higher amounts. As a follower of Effective Altruism, the expectation is that we use all the means available to us towards doing as much good as possible.

Within the framework of the initiative «Giving What We Can», William MacAskill – together with researchers of

the MIT in Boston – examined the effectiveness of charitable organizations working in the field of poverty reduction in developing countries. He thereby follows two purposes at the same time. On the one hand, everyone is encouraged to donate at least ten percent of their income to charitable organizations. On the other hand, the initiative's analyses and evaluations provide a tool that allows charities to find out exactly what the most effective setup for their activity looks like. From the point of view of Effective Altruism, five key questions are crucial when selecting an aid organization: «1. How many people will benefit – and to what extent? 2. Is this the most effective action you can do? 3. Is this a neglected area? 4. What would happen otherwise? 5. What are the chances of success and how much would a success be worth?» – Effective Altruism tries to give the answers to these key questions by resorting to results from experimental field research that uses control procedures common in natural sciences and big data. The approach has thus been termed «moral philosophy by efficient data processors» (Elisabeth von Thadden).

Calculating altruism

A simple calculation MacAskill likes to present in this context: Whoever earns at least 28,000 dollars – this amount cor-

responds to a typical annual salary in the USA –, belongs to the richest five percent of the world's population. His evaluation of statistical data on the degree of happiness in different contexts has found that a doubling of income will result in the same increase of subjectively felt happiness – always rising to the same degree. The happiness of a person earning 1000 dollar will show the same increase of happiness when it is doubled as when the income of a person earning 80,000 dollars is doubled. This also means that an increase of an average American income of around 28,000 dollars has the same benefit as the increase of an average income in India which is 220 dollars. MacAskill draws the conclusion that one and the same amount can be of a hundred times more benefit to the poorest people on earth than it is for the typical inhabitant of a wealthy country.

From the perspective of Effective Altruism therefore, donations directed towards people in the developing world are far more effective than the support of the poor in Europe. It also makes more sense to help fight diseases in the southern hemisphere than to support Syrian refugees in refugee camps in Lebanon or in Jordan. The shortlist of the most effective aid organizations «Doing Good better» is of a very Anglo-Saxon nature in that it overwhelmingly prefers aid organizations that work in disease control. The simple reason for this being the effects that are more visible and within a shorter period of time than the support of subsistence farmers or the commitment to human rights for example.

Critics of the concept

Effective Altruism and its predominantly young and academically qualified followers are repeatedly criticized and have even been ridiculed: the approach being seen as an emotionless and dispassionate economization of charity, a technology-obsessed and apolitical way of thinking that occasionally comes across as being very sectarian. Very harsh is the reproach by the Indian-British philosopher Amia Srinivasan. She sees Effective Altruism as a «Wellbeing way of thinking by individualists who spread recommendations on consumption without fighting the source of the misery».

GiveWell

The US-American organization Give Well is closely linked to the Effective Altruism movement. The organization evaluates NPO on the basis of their cost efficiency and their verifiable impact. It thereby focuses on a small number of selected organizations with models that are highly scalable when given additional capital. Give Well publishes a list of «Top Charities», with recommendations for donations. In first place ranks the «Against Malaria Foundation», which distributes impregnated mosquito nets. The costs for the nets are low while they are able to prevent a very large number of malaria infections that are potentially lethal.

www.givewell.org

Whichever position one may choose to take regarding Effective Altruism and the related Utilitarian Philosophy – one has to consider that it is not preaching water and drinking wine. Its followers donate at least ten percent of their

income towards charitable purposes. That in itself is credible. Equally noteworthy is the fact that Effective Altruism values the efforts of development cooperation positively. In a climate that is increasingly nationalist and in times of many political attempts throughout Europe to discredit and reduce national development cooperation this is far from self-evident. MacAskill's assessment: Compared with a global economic performance of 87 trillion dollars per year, 1 trillion for development cooperation in 60 years is not a lot. Plus, in several areas, such as health and education, considerable progress has been made.

However, Effective Altruism, when it comes to poverty alleviation only looks at private help. It thus overestimates civil society charity and gives rise to heightened expectations. Private help can only be an add-on to national poverty alleviation measures.

References:

William MacAskill, *Doing Good Better: How Effective Altruism Can Help You Make a Difference*, New York 2015.
Peter Singer, *The Most Good You Can Do: How Effective Altruism Is Changing Ideas About Living Ethically*, New Haven 2015.

Are donor-advised funds becoming bigger than foundations?

US-American donor-advised funds are drawing a lot of attention mainly due to their extraordinary growth in recent years.

Looking at the list of the largest American funding agencies, it is the Bill and Melinda Gates Foundation that ranges in first place. Surprising are the two organizations ranging in second and third place. Fidelity Charitable and Schwab Charitable are both donor-advised funds (DAF) and not private foundations. They represent the philanthropic engagement of the two financial service providers Charles Schwab Corporation and Fidelity Investments. In principle, a DAF is not that different to umbrella foundations and the fund shares offered by Swiss banks for example. However, when taking a closer look, there are a number of general conditions that explain the extraordinary growth in the USA:

The establishment of a DAF when compared to an American foundation has advantages in terms of tax deductible donations, no minimum distribution ratio, lower administrative effort and less disclosure requirements. In addition, many of the DAF offer a simple method of transferring securities

allowing the donor to avoid capital gains taxation. Originally, these funds were above all an instrument of American community foundations. The enormous growth – with rates of more than 20% – can be attributed to the philanthropic engagement of the financial services sector.

In Switzerland, there are no such tax differences, minimum distribution ratios and high disclosure requirements. Consequently, there is no comparable potential for a similar kind of boom here. Nevertheless, the NPO sector should keep a close eye on possible conflicts of interest between financial service providers and their philanthropic engagement. Such an engagement is generally commendable. Though, if the target is to predominantly bind capital to the superordinate corporation and to earn fees, the tool fails to meet its objective. Resulting from this development would be less money on the already highly competitive donation market, higher tax deductions and more inactive charitable capital.

Sara Stühlinger

Comparative study of fundraising around the world

Desmond Tutu, the Archbishop Emeritus for Cape Town calls fundraising a noble profession and important calling, as it mobilizes the important capital nonprofits need to fulfill their social mission. Fundraising itself has become a vibrant and innovative industry. But is fundraising equally important around the world? The CEPS talks with Dr. Beth Breeze and Dr. Wendy Scaife who have compared the diverse fundraising environments of 26 countries.

CEPS: What are the main influences of donor motivation?

B.B./W.S: That is a big question, but the short answer is that 'being asked' is the most important and yet most often overlooked factor. People will be differently disposed to give, due to factors such as their belief that charity is an appropriate way to meet needs as well as their sympathy with a particular cause, and people will have different capacities to give, due to factors such as their disposable income and their life stage. But unless those underlying dispositions and those existing capacities are triggered by a specific request then a donation is highly unlikely to occur as people do not, on the whole, give spontaneously.



Dr. Beth Breeze is the Director of the Centre for Philanthropy, at the University of Kent's School of Social Policy, Sociology and Social Research



Dr. Wendy Scaife is the Director of the Australian Centre for Philanthropy and Nonprofit Studies at the Queensland University of Technology, Brisbane, Australia

CEPS: What are the main differences and similarities in fundraising among the countries you looked at?

B.B./W.S: We found many similarities in the 26 countries that we studied. New communication technologies enable the fast dissemination of successful new techniques, and the presence of global charitable brands, such as Save the Children and WWF, helps to spread best practice wherever they operate. It is therefore not surprising that the same fundraising techniques appear all over the world, though in varying proportions as docu-

mented in our study, and despite assumptions that certain methods, such as direct mail, telephone solicitation or workplace giving, will not be appropriate – or successful - in some regions.

Similar challenges affect fundraisers wherever they operate, notably the profound importance of ensuring there is trust that donations will be effectively applied for the intended purpose, and the need to keep fundraising costs as low as possible whilst reaching the greatest number of potential donors.

CEPS: What factors seem to influence the maturity of fundraising regimes?

B.B./W.S: The maturity of fundraising regimes is assessed by the degree of professionalization which includes three factors: the existence and strength of a national membership body to represent, support and regulate fundraisers; the provision of quality training by industry bodies and relevant courses at Higher Education Institutions; a supportive policy environment, evidenced by enabling legislation that encourages giving and reinforces confidence in those who mediate gifts. However, it's important to emphasise that fundraising is unlikely to be mature in the absence of a mature nonprofit sector, because funds are raised for a purpose, not as an end in itself. That purpose is to enable nonprofits to fulfill their mission, whether that is preserving heritage, promoting excellence in the arts or feeding the hungry. In the words of the pioneering fundraising academic Hank Rosso: «Fundraising is the servant of philanthropy». If the nonprofit and philanthropy sector is underdeveloped, lacks organization and has not secured the trust and confidence of the population, then the same will be true for the fundraising regime in that country.

CEPS: Do you see a higher demand for professional fundraisers in the future?

B.B./W.S: As the numbers of the wealthy and the size of their fortunes, continues to grow in many countries, and as expectations of personalized and tailored 'asks' increases, the demand for a larger talent pool of qualified and experienced fundraising workforce inevitably rises, particularly in the specialism of Major Donor fundraising. As more fundraising regimes mature the emphasis will be on the need for more educated, ethical professionals committed long term to this role.

CEPS: Thank you!

Beth and Wendy's study of fundraising around the world is published in The Palgrave Handbook of Global Philanthropy, edited by Pamela Wiepking and Femida Handy, published by Palgrave in 2015.

CEPS INSIGHT

The CEPS has moved to a new office

In August the CEPS has moved to its new office. The new postal address is:
Center for Philanthropy Studies
University Basel
Steinengraben 22
CH - 4051 Basel
Telephone: 0041 61 2072392

CEPS Research Fellows

The CEPS Research Fellow network will hold its next meeting on 27 September at the University Basel. The aim of the network is to connect researchers in philanthropy throughout Switzerland and the Eucor network of Upper Rhein universities. Members engage in joint research and present their work among peers. If you are interested please write to Dr. Oto Potluka. (oto.potluka@unibas.ch)

Global Social Entrepreneurship

The CEPS is cooperating with the social enterprise BOOKBRIDGE in offering a course on global social entrepreneurship. This year the course counts with 15 participants who will learn about global issues and problems solving techniques. They will bring their skills into practice by developing a learning center in Sri Lanka.

International conferences

During the summer, CEPS researchers were able to attend a number of conferences to present their newest research findings and intensify collaboration with their international project partners.



CEPS-Teilnehmende an der ISTR

Of particular importance was the conference of the International Society for Third Sector Research (ISTR) in Stockholm and the conference of the Academy of Management (AOM) in Anaheim/USA. At the ISTR conference, the CEPS delivered six presentations on topics like Social Innovation, Financial Growth of NPO, Comparative Research on NPO, Volunteering and Foundations as Think Tanks. In addition, the CEPS took part in panel discussions and participated in meetings on research projects. Besides the annual meeting of the European Networks on Philanthropy, there was also a first-time meeting of the authors featured in the publisher's edition on the topic Corporate Foundation, a publication planned by the CEPS and colleagues from the Erasmus University of Rotterdam. ISTR is the world's largest research organization looking at nonprofits and civil society.

At the AOM conference, Prof. Dr. Georg von Schnurbein gave presentations on two research projects, one on Volunteering, the other on Governance in Global Health Partnerships respectively.

The latter was part of a symposium in cooperation with researchers of the Erasmus University of Rotterdam and the Pennsylvania State University. This symposium was awarded a prize as the «Best International Symposium» of the conference. The AOM Conference, with approximately 11,000 participants, is the world's largest management conference. This year, the CEPS will be participating at a total of six research conferences reflecting the high professional competence of its interdisciplinary team.

Georg von Schnurbein

Did you know?:

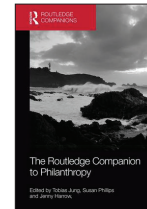
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A study by the ZEW, the Swiss certification agency for NPO, has shown that aid organizations spend on average 21 centimes to raise one donated franc. Every franc invested in fundraising therefore yields a return of five francs. This statement is not generally valid, however. The success of fundraising depends on many factors, not allowing for a linear relationship between costs and success.

Source: www.zewo.org

Philanthropy

Philanthropy has firmly established itself as proper research area. A new book highlights the different facets of the discipline.



In the «Routledge Companion to Philanthropy», Tobias Jung, Susan D. Phillips and Jenny Harrow have successfully assembled more than fifty of the most renowned researchers working in the field of philanthropy. The result is an impressive book covering the full research bandwidth in its seven chapters. The introductory question looks at the underlying motives of people who engage in voluntary action for the public good. The book presents possible historic, social-theoretical and cultural explanations on where philanthropy takes its roots.

Other sections of the book look at concrete forms of philanthropy and cross-cutting areas with adjacent society sectors. Furthermore, contributions on Foundations, Venture Philanthropy, Impact Assessment or the Governance of Nonprofit Organizations are featured. The book is, thus, of interest to researchers and practitioners alike. The editors have been able to create a meaningful and multifaceted compilation that allows for a comprehensive overview as well as a deep insight into the field of philanthropy.

Steffen Bethmann

CALENDER

CEPS Executive Education

CAS Global Social Entrepreneurship
(in English)

Modul 1: 25 - 28 October 2016, Basel
Modul 2: 7 December 2016, online
Modul 3: 16 - 18 January 2017, Basel
Modul 4: 5 - 12 March 2017, Sri Lanka (Creation of Social Business)
Modul 5: 4 - 5 May 2017, Basel

Intensiv-Lehrgang Finanzmanagement
7 - 11 November 2016, Gunten

2017
Intensiv-Lehrgang
Stiftungsmanagement
13 - 17 März 2017, Sigriswil

CAS Nonprofit Governance & Leadership
Start: 3 April 2017

CAS Kommunikation & Wirkungsmessung in NPO
Start: 21 August 2017

Intensiv-Lehrgang Finanzmanagement
Start: 30 Oktober 2017

FURTHER DATES

European Day of Foundations
1 October 2016

European Foundation Center Research Forum Conference 2016
Change Makers: enabling high-impact research
17 - 18 October 2016, London

European Venture Philanthropy Association (EVPA) Annual Conference
3 - 4 November 2016, Paris

LEGAL NOTICE

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Universität
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Center for Philanthropy Studies,
Steinengraben 22, 4051 Basel
www.ceps.unibas.ch

EDITOR

Steffen Bethmann
(steffen.bethmann@unibas.ch)

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