The Bellagio Initiative

The Future of Philanthropy and Development in the Pursuit of Human Wellbeing

Summit Proceedings

September 2012

Institute of Development Studies
the resource alliance
THE ROCKEFELLER FOUNDATION

IDS is a leading global charity for research, teaching and information on international development. Its vision is a world in which poverty does not exist, social justice prevails and economic growth is focused on improving human wellbeing. IDS believes that research knowledge can drive the change that must happen in order for this vision to be realised.

The Resource Alliance has a vision of a strong and sustainable civil society. It aims to achieve this through building skills and knowledge, and promoting excellence. To help organisations increase their fundraising capabilities, the Resource Alliance provides a range of services and resources, including conferences, international and regional workshops, accredited in-depth courses in fundraising and communications, tailor-made training and mentoring, research, publications, newsletters and award programmes.

The Rockefeller Foundation has a mission to promote the wellbeing of people throughout the world. It has remained unchanged since its founding in 1913. Its vision is that this century will be one in which globalisation's benefits are more widely shared and its challenges are more easily weathered. To realise this vision, the Foundation seeks to achieve two fundamental goals in its work:

1. It seeks to build resilience that enhances individual, community and institutional capacity to survive, adapt, and grow in the face of acute crises and chronic stresses.

2. It seeks to promote growth with equity so that poor and vulnerable people have more access to opportunities that improve their lives.

In order to achieve these goals, the Foundation provides much of its support through time-bound initiatives that have defined objectives and strategies for impact.

THE BELLAGIO INITIATIVE SUMMIT

8–22 November 2011, Rockefeller Bellagio Center, Italy

Proceedings

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Contents

Introduction

This document is a record of the proceedings of the Bellagio Initiative Summit which took place in November 2011. The Bellagio Initiative was a series of global consultations designed to explore the roles of philanthropy and international development in the promotion and protection of human wellbeing in the twenty-first century.

The world of international development is changing. New philanthropic and development actors are emerging and new models for development effort offer unprecedented opportunities for innovative action to protect and promote human wellbeing. At the same time the world system is experiencing a greater range of challenges than ever before. As the twenty-first century unfolds, the challenges of scarcity, complex risk and inequalities of power are overlaid by short- and long-running crises. Climate change is a long-haul challenge for all of us on this planet and increased levels of economic volatility interplay with social and political polarisation to reduce confidence in the existing approaches for sustainable development and for promoting human wellbeing.

The Bellagio Initiative was commissioned by the Rockefeller Foundation and was led by the Institute of Development Studies, UK, in partnership with Resource Alliance. The three partner organisations worked together to engage a diverse international group of leading thinkers to explore innovative approaches to the challenges and opportunities facing international development and philanthropic actors. The Initiative has sought insights and ways forward through global dialogue meetings with key constituencies around the world, has commissioned think pieces and a Summit at the Rockefeller Conference Centre in Bellagio, Italy.

The Initiative took the innovative step of placing concern for human wellbeing at the centre of its inquiry. As such it sought to:

- Identify the most important issues and opportunities for promoting sustainable human wellbeing in the contemporary global context;
- Explore the landscape of actors and resources involved in and relevant to international development, how this is changing and with what consequences;
- Uncover innovations and opportunities to be nurtured and developed to promote human wellbeing in the emergent global context.

The Bellagio Initiative represented an intensive period of six months of discussion, debate and research activity galvanised by the three partner organisations. The main activities were:

- Setting up the Advisory Committee of practitioners from diverse backgrounds to inform the process, bring their networks to the Initiative, advise on the agenda for the Summit and the way forward beyond the Summit;
- Commissioning a series of position papers on key challenges and opportunities, including mapping out new developments in philanthropy;
- The convening of 11 thematic Global Dialogues (chiefly one- or two-day events) on particular issues. These were designed to involve a greater number and diversity of stakeholders, and particularly those working closer to the ground, in the evolving global discussion. Two of these dialogues were conducted ‘virtually’ using internet fora;
- The establishment of a dynamic website, on which the resources generated by the commissioned papers and dialogues can be found;

- The organisation and hosting of the Bellagio Summit from 8–23 November, 2011. This was organised in four discrete but overlapping Modules, each of which consisted of two or more days of intensive discussion:
  - Module 1: Trends and Opportunities in Development and Philanthropy in the Twenty-First Century
  - Module 2: Future New Resources for Promoting Wellbeing
  - Module 3: Future Frameworks for Development and Philanthropic Collaboration
  - Module 4: Synthesis and Conclusions

Summit participants

Throughout the Bellagio process, the organisers sought to take participants out of their comfort zones: the Initiative has convened a mix of participants who do not normally interact with each other, across multiple sectors, working on differing development issues (public, private, academic, non-profit, private philanthropists and foundations). In addition, it sought to bring geographic diversity to the process. The diversity of participants meant that some of the discussions began at rather a general level, where time was spent establishing common grounds for discussion and allowing participants to adjust to their different vocabularies and perspectives. As is usual with efforts to achieve 'interdisciplinarity', the discussion did not always probe at the cutting-edge of any one specialism but it enabled the cross-fertilisation of different perspectives, which is often a route to innovative thinking. As has been explained, the Summit was organised as a set of four modules, each dealing with distinct topics but each of which was intended to provide momentum for what followed. Continuity was provided by the fact that most participants in the Summit were present for one or two of the four modules. Prior discussions were recapped at the beginning of each module and this is reflected in the occasional repetition of themes in the proceedings that follow.

About these notes

This document is a record of intensive conversations involving four groups, each involving 40 or more people over a 14-day period. The proceedings are a record of an event and must be understood in relation to the other outputs from the Bellagio Initiative:

- The Aide-Mémoire: A concise statement of high-level observations and commitments produced immediately after the Summit in November 2011;
- The Bellagio Initiative Report: An analytical document that explores the key observations and learning from the whole Initiative process;
- The Bellagio Initiative website, which contains a rich set of video resources from the Summit, commissioned papers, blogs and other in-depth substantive materials produced throughout the Bellagio Initiative.

These notes are a record of an open and free-flowing conversation and are not a comprehensive or reflective analysis of the challenges facing the philanthropic and development sectors. That analysis is contained in the Bellagio Initiative Report. Gaps or areas of intense focus in the records reflect the particular interests of the collection of people assembled at the Summit, and are not a statement on the part of the meeting's organisers about the relative importance of various topics. The proceedings are not a summary statement by the convenors, nor are they verbatim minutes of the meeting; rather, they are the compilation of the notes from the various recorders who worked with the Summit participants throughout the two weeks. The rules governing attribution of statements were that plenary sessions of the event were conducted 'on the record' and video recordings of many of these plenary sessions are available online http://action.bellagioinitiative.org/, while statements made in small group discussions were non-attributable, to enable a freer atmosphere for open exchange and debate. The proceedings of these small group sessions are summarised here without attribution.

Notes recorders

Sufyan Abid, Danny Burns, Robert Garris, Allister McGregor, Neelam Makhijani, Naomi Marks, Georgina Powell-Stevens, Prachi Salve, Adrian Sargeant, Suman Sureshbabu, Martina Ulrichs, Elise Wach, Linda Waldman and Roger Williamson.

Opening Panel: Protecting and promoting human wellbeing in the twenty-first century

The opening panel was designed to provide an introduction to major issues likely to be addressed in the four Modules at Bellagio. The panel discussion illustrated the reach of the wellbeing framework by opening up the creative tension between achieving wellbeing as a social and political process at one pole and the need for evidence-based policy and provision of convincing indicators of welfare at the other.

The panel speakers offered reflections on the challenges of focusing international development and philanthropy on protecting and promoting human wellbeing in the twenty-first century. The panel was chaired by Heather Grady, Vice-President, Rockefeller Foundation; other panel members were: Jay Naidoo, Chair of the Board of Directors and Chair of the Partnership Council, Global Alliance for Improved Nutrition (GAIN); and Marco Mira d'Ercole, from the statistics directorate of the OECD. Video of the panel is online at http://action.bellagioinitiative.org/panels/protecting-promoting-wellbeing-21st-century.

Jay Naidoo stressed that the core of human wellbeing is dignity and social justice. At its heart it is a political issue; trying to make real the commitment that every life is of equal value. As the preparatory papers make clear, the world system could well be at a tipping point. There have been crises in finance, food and fuel and these have had severe impacts on the global economy and on human wellbeing. There is irresistible evidence of growing ecological disaster. The Commissioned Papers and the Dialogue reports make clear that inequality and poverty are growing in the world. But there is a danger that the development response is focused on the supply side (and it is true that impressive achievements have been made in health (vaccines) and food (crop yields)). That is, the focus of development effort has been on thinking up solutions to these problems, but less attention has been paid to the demand side – what is it that people are demanding as their solutions to their problems? There are many issues where progress on the demand side is needed – food security, women's incomes, climate change, to name but a few. All of these at root come back to issues of social justice and human dignity. Naidoo argued that attention needs to shift away from a focus on technocratic solutions, towards engagement with the political processes whereby solutions are identified, formulated as development efforts, and are implemented (for instance, asking how vaccines will be delivered to the village clinic, and how public health systems will be equipped to make this possible in a sustainable way). Understanding the systemic challenges of moving towards this type of approach is vital.

As a senior statistician in the OECD, Marco Mira D'Ercole stressed that he approached the challenge of protecting and promoting human wellbeing from the statistical angle – not that this was to downplay the significance of the political dimension, but that statistics provide politicians and others with the data they need to make their case. The Stiglitz-Fitoussi-Sen report commissioned by President Sarkozy had been a landmark in pointing to a conceptual framework for measuring human wellbeing as a way of understanding societal progress, rather than relying on current economic measures of GNP and GDP. For a new approach to gain acceptance it is essential that the right indicators are identified and measured. This will ensure the credibility of the statistics and provides a basis for democracies to work well – by providing sound material for evidence-based policy. For human wellbeing to become the central concept in understanding how societies are progressing, it is necessary to prove that policies make a tangible difference over time.

In the subsequent discussion, Jay Naidoo argued that income inequality is a key indicator of a threat to human wellbeing. Recalling his membership of the reference group for the World Bank's World Development Report 2011 on *Conflict, Security and Development*,[1] he noted that whatever criticisms one may have of the World Bank, collecting data is one of the things they do really well, and that the report provided good evidence of the destructive tension between inequality and human wellbeing. Further examples of how evidence-based policy can be used to address human wellbeing are, for example, policies relating to improving the incomes and economic status of women. Time and again such policies have led to better nourishment for children, higher school attendance figures and greater economic security for entire families. In terms of overall human wellbeing, good gender-based policies are genuine game-changers (see *Caring for Wellbeing* by Eyben and Fontana, www.bellagioinitiative.org/resource-section/bellagio-outputs/#papers).

It was argued that government intervention is necessary to change the thinking of key actors in order to make development work better for people. As Minister for Telecommunications, Naidoo had to insist on universal service obligations, including the provision of access to phone networks in rural communities, as the basis for contracts being awarded. The innovative technology of pre-paid cards was leveraged through political action. Subsequently, firms stated that their profit rates from the rural areas, which they had previously regarded as non-viable, were in fact higher than in other areas.

A forceful point was made that the motor force of change was not policy statements from boardrooms or the decisions made by philanthropic organisations, rather 'change comes from the street'. In 1976, the students in South Africa had 'had enough'. Commitment to justice required the destruction of the apartheid system. They took to the streets in their hundreds of thousands and were 'smashed' by repressive government action. They had to undergo the painstaking task of rebuilding the opposition movement from the ground up, through trades unions, student organisations, civic societies. It took 18 years of organising and advocacy to become strong enough to achieve the position of political strength which demanded the negotiations that led to democratic elections, and the eventual accession to power of the first non-racial government in South Africa, headed by Nelson Mandela. Eighteen years later, Naidoo conceded that the country had perhaps the worst Gini coefficient in the world. Where had they gone wrong, he asked? In demobilising the people, the motor force of social justice was disengaged. In South Africa, ordinary people had been made bystanders in the struggle for their own development.

He argued that philanthropic organisations can make a contribution to changing that – too often they (and other aid donors) ask for a business plan, which needs to be written by an international consultant (paid in dollars). He asked whether this formalism could be broken down so as to engage more directly with people. When he was asked what he would advise the CEOs of major

1 http://wdr2011.worldbank.org/fulltext For Jay Naidoo's personal reflections on this work – see www.jaynaidoo.org/tag/world-development-report/

philanthropic organisations to do, his response was that he would get them to focus on the demand side and find ways to help people and their organisations to articulate their priorities through advocacy for social justice.

He went on to say that it is necessary to understand that development is not simple or linear, it does not happen overnight and does not appear as a miracle. Heather Grady had stressed the importance of foundations being able to provide ‘first risk capital’. Naidoo agreed that empowering a different kind of entrepreneurialism – as he had seen in the slums of Kibera, Nairobi with M-PESA using mobile phones to transfer money – showed that entrepreneurialism at the grassroots level is possible.

Quotations from the panellists illustrate key themes that arose.

The core of our challenge is understanding that promoting sustainable human development, when framed in terms of human wellbeing, is a political and not a technocratic challenge.

> *If we don’t understand [politics] as the central challenge and obstacle to delivering human wellbeing then we’re missing the plot. That is the big issue that confronts us. (Jay Naidoo)*

Advancements in a statistical approach to human wellbeing can help to broaden the understanding of the concept of wellbeing and how it might be used in development.

> *Statistics are important for providing the ammunition that helps to allow you to win some arguments. ... In the past we may not have been measuring the right things. (Marco Mira d’Ercole)*

Some indicators are fundamental game-changers.

> *We know as a fact that if we support gender rights and the struggle for women for empowerment to improve their incomes, it is going to have a fundamental impact on human wellbeing, at a household level and at the country level.*
>
> *There are some indicators that are fundamentally important to change the game... we are looking for what those game-changers are that we can cross-finance and create a way of leveraging greater investment, particularly from government, from private sectors and other bilaterals, into changing the game that changes people at the grassroots level.*
>
> (Jay Naidoo)

In international development efforts thus far there has been too much concentration on the supply side (providing solutions) and not on the demand side (asking how the problem can be solved).

> *Everyone wants to develop the latest vaccine to eradicate malaria, which is really good, but how do we get it to the village? How do we make sure the public healthcare systems are supplying it to those who really need it? ...*
>
> *A lot of new philanthropy is not really interested in the demand side. That is regarded as too complicated, it is too political... If we want to see game-change on a massive scale you have to strengthen grassroots organisations, through advocacy, through social justice, human dignity and putting human wellbeing at the centre of your grant-giving and policy and strategy.*
>
> (Jay Naidoo)

Opening Breakout Sessions: Obstacles to and drivers of human wellbeing: Mapping of development issues and actors

In order to begin mapping out current development issues and actors, participants were divided into two breakout groups – in relation to their own work and experiences. The purpose of these groups was to begin a discussion, identifying substantial threats to and opportunities for advancing wellbeing.

In the reflections from **Breakout Group One**, participants noted that the development sector often works in isolation from wider geopolitics and from the actions of the private sector; that there is a disconnect between supply and demand, and a disconnect between innovation and scale which is often reflected in the failure of multi-stakeholder collaboration. The group also discussed the failure of many organisations, be they philanthropic, development or private sector, to listen to people on the ground and to identify solutions and alternative knowledge already in existence. This led the group to focus on the disconnections between people in philanthropy and development. There is, for instance, a lack of mechanisms for coordination between aid agencies, so that foundations do not know what the World Bank is doing and the Bank does not know what foundations are doing. Nor does either party necessarily know what solutions to development problems already exist in communities. At the same time, we also need to understand what different organisations might want to achieve through collaboration. The quality of three main sets of relationships were highlighted: the major gaps between people and the institutional system for international development; the disconnects between the institutional system and the communities it claims to be working for; the generally strong relationships between people and community organisations.

The group recognised that, in general, people’s voices are not part of decision-making and that despite years of discussion about the importance of involving communities in decision-making, development institutions (including philanthropies) often still treat people as bystanders in their own development. Communities should be participants in the co-creation of development solutions and should be empowered to define their own priorities. In terms of communities, the group focused on the pressures causing the breakdown of communities, on the exclusion of minorities and on inequalities within communities. Finally, the group agreed that the institutional systems that control major resources tend to perpetuate authority and are often controlled by elites. They are also slow to adapt to innovation and often fail to own up to their responsibility for development failures.

In particular, the group identified three reasons for disconnects that have critical consequences for effective development.

1. **People do not have a voice**. Within the group discussions there was a strong emphasis on the lack of people’s voice and representation in development. This, in many respects, is not new and development organisations have been talking about ‘voice’ for years, but with little progress in dismantling obstacles to effective voice. Recognition of politics and the creation of more participatory spaces were not seen as sufficient and the group discussed the need to be thinking of ways to enhance agency and voice, rather than simply replicating gestures from the 1990s. The emphasis has to be on finding ways of connecting people with voice to those who hold positions of power, decision-making and action.
2. **People become bystanders in development, where they are isolated and not engaged**. This means that it becomes possible for different development actors to disown problems and failures and to see these as belonging to someone else. This despite the fact that, in theory, all participants are working together for broadly the same goals in the arena of international development and philanthropy.

3. **The virtue of taking a systemic view is that it brings about a realisation that there is a need on the part of international development organisations and philanthropies to take ownership of the problems**. All participants at the Bellagio Initiative are prominent agents in the development ecosystem and the discussion asked them to take ownership of a system that both causes these problems and addresses the disconnects. The participants all saw themselves as implicated and as having to recognise the ways in which the ecosystem is producing unhelpful development constructs. Using a wellbeing focus pushes us to recognise that there cannot be a single, unitary response to wellbeing, that often people's needs are not aligned and do not overlap and may be competing. But there is space to find some common ground and to break down some of the silos and disconnects, to identify some real divides and begin to figure out how to address them.

Breakout Group Two participants broke their session down into two mapping exercises. The first was an exploration of development issues and the second was mapping actors and processes that impact on development. In subsequent discussion, participants identified key issues arising out of these mapping exercises.

1. **The need to work towards a new development paradigm.** This should be organised according to a series of key principles.
   - Development should be congruent with wellbeing. Poverty should not be the only driving force.
   - It should be rooted in community voices, capacity and practice. A crucial constituency that is routinely missed is the voice and engagement of youth.
   - It needs to be rooted in practices and innovations that people are already engaged in. In so doing it needs to support and enhance local innovation and ensure that local innovations are not damaged or undermined by development interventions. Development investment, in turn, needs to be much more catalytic. Local people should be supported in developing their ideas and growing the seeds of innovation.
   - It should recognise the contributions of time and talents, and that contributions to solidarity and freedom are as important as contributions that generate and distribute material resources.
   - It should move away from short-term investments. This involves a deliberate shift away from projects and programmes to long-term investments in communities and movements. There needs to be a reorientation towards investments in whole communities. This reorientation should occur in conjunction with a move away from issue-based approaches like education, and greater endeavours towards empowering youth movements.
   - Development is highly contextual. It needs to be much more responsive and adaptive to unintended consequences and, in so doing, move away from blanket models.
   - There needs to be a greater focus on dignity and rights.
   - The roles and responsibilities within international development need to be reconfigured. This involves knowing more about how diverse actors conceptualise development and their roles. Who is out there? What are they doing? How much do we know about these different actors? How do they interact with/enable each other? And so forth. Closely linked to this is a need to challenge assumptions about the roles that different sectors (state, philanthropic, civil society, etc.) take in development. These may need to look quite different in the next ten years. Participants thus commented that 'we need to bring different players to the table', asking whether it is possible to create a new system with

the old people. They further argued that in order to reconfigure these relationships development has to go beyond NGOs to direct experience, and beyond the current highly fragmented system. In so doing, it has to recognise the need for greater coordination within the complexity of the new development system.

2. **A wide range of specific thematic, political economy and development-related issues are overlooked and need to be addressed within the complex ecosystem of philanthropy and international development**.

   – The lack of security and safety; access to safe water; access to services; jobs, livelihoods, care; lack of affordable housing (leading to mushrooming slums); the lack of security of tenure and high inner city land prices where informal settlements are located; the impact of climate change on the poorest; the lack of leadership (community leadership and young people's leadership); youth, women's rights and empowerment; dignity and rights.

   – The politics of power and the fact that wealth remains concentrated in the hands of a few: political activity should be able to take place without fear of violent reprisal; there should be structures through which people can demand services, shape governance and hold institutions to account.

   – New thinking on how global systems can empower local communities is needed. For instance, how valid will the Millennium Development Goals (MDGs) be in the next decade? There is a need to challenge current growth models.

   – There is a trend towards reductionist management and measurement coupled with a lack of serious long-term thinking and the absence of convincing new narratives.

During the second mapping exercise, which focused on development actors and institutions, Breakout Group Two participants identified a range of characteristics, both positive and negative, that defined relationships within the development ecosystem. In terms of negative characteristics, the system was seen to be characterised by competition, fragmented global governance, projects divorced from local need, the state ignoring local concerns and context, inadequate tools to engage with culture and social norms, civil society disempowerment, and a crisis of leadership and distrust. In terms of positive initiatives that symbolise what is possible for development, the group identified the global HIV/AIDS movement, microfinance, mobile technologies for democracy and money transfers, etc., an improved legal environment for civil society, good public–private partnerships, anti-apartheid movements and, as an older historical example, the anti-slavery movement.

At the end of the session, Breakout Group Two posed the following key questions:

- How do we ensure that power is in the right hands?
- How do we get voices into decision-making processes?
- How do we apply to ourselves the principles that we have identified for the new paradigm?

Meanwhile, Breakout Group One entered into a detailed discussion of the wellbeing focus. To what extent should wellbeing be viewed as a key aim of development and to what extent might other concepts such as social justice provide alternative options? Wellbeing has the advantage of being able to include dimensions of dignity, security, trust and so forth, but is disadvantaged (in a development culture increasingly defined by emphasis on outcomes) by the fact that it has dimensions, such as values, that cannot easily be measured. Some discussion then focused on whether the actual act of measuring is the problem and, because values cannot easily be measured, the fallback position is to focus on what *can* be measured (such as GDP). This also led to some reflections on the argument that the 'woolliness of wellbeing' – the idea that it 'says everything and perhaps nothing' – would mitigate against it being useful in government development institutions. For others, there was a danger of situating the politics of wellbeing too firmly within the current development approach, missing the opportunity to be more radical and to 'rattle the paradigm'.

There was, nonetheless, widespread recognition that development should not only focus on what is measurable and tangible, that new ways of measuring intangibles are always being developed and that wellbeing adds a degree of recognition that development is not only multidimensional but also non-linear. The advantage of using wellbeing may be that it helps to break down the barriers and helps us work better together. The session thus posed the question of whether wellbeing helps to enhance our work and to navigate the changing development ecosystem. The group concluded that it was not always necessary to pin down exact definitions of wellbeing but to appreciate a more holistic approach that seeks to centre development on the beneficiaries. This 'human-centred' approach goes beyond poverty as a way of defining and working with poor people, and seeks to achieve a multidimensional approach that requires one to think both about the individual (or other socially relevant categories) and the system. This involves crossing sectoral and systemic boundaries, embracing diversity and including other values that people themselves consider important such as social justice, human rights and security. There was, in addition, recognition that the wellbeing approach might be useful in some contexts (perhaps such as incorporating new actors and their visions of development) and offering less traction in others (such as in relation to 'old' development actors such as people in governments).

MODULE ONE

Trends and opportunities in development and philanthropy in the twenty-first century

The purpose of this module was to explore relations between development and philanthropy using the idea of an evolving ecosystem; to consider systematic barriers and innovations to wellbeing within the ecosystem and to explore how wellbeing could best be protected and promoted.

MODULE ONE: Trends and opportunities in development and philanthropy in the twenty-first century

SUMMARY

The first module of the Summit explored trends and opportunities in development and philanthropy in the twenty-first century in the context of the goal of protecting and promoting human wellbeing. As was the case with all modules, the discussion moved from broad themes to specific recommendations. In this module, themes included obstacles to and drivers of wellbeing, protecting wellbeing in the evolving development ecosystem, and innovations for wellbeing. A major focus of the discussion was innovation and the enabling environment. A major theme was that the political dimension to change is central (people, politics and power) and that the development system requires reorientation in acknowledgement of this.

Module One Panel: How is the development and philanthropy ecosystem evolving?

An afternoon panel on the opening day of the Summit provided a stimulating introduction to the ways that the ecosystem has evolved and what new actors, powers and values have emerged and must be taken into account in development efforts. The discussion focused on promoting human wellbeing through organisations and institutions that provide governance, rules and regulation, and incentives. The panellists were: Caroline Anstey, Managing Director, World Bank; Samir Radwan, former Minister of Finance, Egypt; Ramesh Singh, Director of Learning, Monitoring and Evaluation, Open Society Institute; and Eduardo Lopez-Moreno, Head of the City Monitoring Branch of UN-Habitat. Steve Radelet, Chief Economist, USAID, joined by videolink. Linda Waldman (IDS) chaired the session. An audio recording of the session can be accessed at http://b.3cdn.net/bellagio/e6529cf5523a806d9d_mlbz0b2aj.mp3

Caroline Anstey stressed that most of the fastest-growing countries are outside the G8 or even the G20 groupings now, and development cannot be a 'one size fits all' operation. She pointed out that investment, trade and remittances far outweigh traditional forms of aid, and that the Arab Spring has underlined the importance of voice as a development issue. Social accountability stresses that if you do not get communities involved, you will not get good development outcomes. Also, everyone in development now must be accountable – to taxpayers, funders, to local communities. Openness and transparency are also essential. The World Bank will not now provide budget support to countries that do not make budget information available. Participation is also at the core of how development must be conducted today. For example, in its study *Voices of the Poor*, and other work, the World Bank has recognised the importance that people attach to threats to wellbeing that threaten their personal security.

The fragmentation of the aid system is 'really terrible', she added, and its complexity is increasing with the spread of civil society and the emergence of many new philanthropic organisations.

Eduardo Lopez-Moreno stressed the dynamism of cities and their contribution to growth and wellbeing. UN-Habitat work on how cities grow has shown that the cities that are growing are in developing regions and they cooperate with national government. Philanthropic organisations have largely not caught up with this analysis. The new national urban paradigm shows how the geography of urban development and the institutional interplay between cities and national and regional governments are important. The state is once again seen as important.

The spatial dimension of development is also important, with the growth of megacities and urban areas along development corridors, and also the dynamism of smaller cities. UN-Habitat's research has focused research on 250 cities; the overwhelming evidence is that cities that are developing are in regions that are also developing. It is therefore important to understand the economic geography, connectivity, infrastructure, scale and density issues.

Philanthropic organisations must also beware of competition in relation to innovation. The application of concepts that are known to work should not be neglected. Care should also be exercised not to embrace uncritically a business-oriented philanthropic approach that focuses on outputs and indicators at the expense of an adequate analysis of complexity. The application of ideas that have been shown to work, such as the examples given by Caroline Anstey, should be implemented.

Steve Radelet began by saying that the past decade or 15 years have seen unparalleled changes, many of them positive – poverty rates falling, incomes in many low-income countries rising and many more democratic governments. There has also been a rise in the number of new foundations and philanthropic organisations, private capital flows are perhaps seven or eight times higher than a decade ago, there are many new social investors, and much greater flows of remittances. In this context, USAID and other official donors are challenged to move from being 'gap-fillers' to becoming catalysers of social investments. Aid must not be a substitute for or hinder capital flows. New models of cooperation are needed.

It is also necessary to respond intelligently to the different contextual needs. For example, in well-run democracies, cooperation with government in providing development assistance is an obvious approach, but in autocratic or dictatorial government systems other partners must be sought. It is not always easy to make the most effective partnerships. It is also increasingly important to emphasise the need to work with partners on achieving results and how to measure them. There are no ready-made systems and it is essential to customise the approach in different countries.

Samir Radwan addressed the changed development paradigm. The Arab Spring, he said, is a clear example of the rejection of existing paradigms. Many had felt comfortable with the previous model – the indicators were good, growth was at 7.2 per cent, macroeconomic indicators seemed stable. Yet it was rejected by the young on three grounds: a lack of dignity; a desire for freedom and democracy, and a commitment to social justice. These young people were not in traditional political parties and they coordinated through social networking. Their resentment with national politics emphasised increasing inequality and their lack of hope for the future. At a regional level, they criticised how oil wealth was spent, as well as injustice and double standards.

In becoming Minister of Finance, Samir had sought to achieve social justice and address suppressed needs, and to stimulate the economy and regain growth. He had calculated that this would require running a budget deficit of 12 per cent. The Military Council had rejected this level of deficit and he had therefore resigned. His experience showed the difficulty of managing such a transition.

It is clear, he said, that an effective new paradigm has to be grounded in realities. For example, in the initial period of the Arab Spring, women were in the vanguard, but increasingly their position was threatened by Islamist forces.

Ramesh Singh emphasised that wellbeing cannot be defined only by economic or physical criteria. It also has to include political, environmental and spiritual dimensions. There has been a convergence of frameworks, such as the rights-based approach, human development, social justice, environmental concern. A wellbeing framework captures these well. It is clear too that while the North/South divide is still significant, there are new South–South dynamics as well, with regional powers emerging.

Constituencies are important too. Identity defines who people are and their aspirations – as young, old, migrant, etc. Classification of countries, with various loaded descriptors being used of states – fragile, failed and so on – can be both complex and contentious. In addition, there is also a lively debate around the bottom billion and the prevalence of poverty in middle-income countries. Finally, global solidarity is a different type of strong force of globalisation. The capacity of people is a huge resource that is often overlooked and needs to be developed.

Module One Breakout Sessions: Promoting innovations that advance human wellbeing

Breakout Group One

The discussion amongst participants of Breakout Group One explored a wide and diverse array of innovations that have the potential to facilitate human wellbeing and the group sought to explore what made these innovations successful. These included open data (which embraces the idea of new possibilities for accountability and sharing of research in order to provide richer analysis), connectivity, digital tools and open-source technology (including open-source philanthropy and with this an opportunity to change the way in which issues are interpreted and responded to, through organisations such as the UN's Global Pulse). Some innovations, such as UN-Habitat's Poverty Observatories, LANDESA (the Rural Development Institute whose name links the ideals of 'land' and 'destiny') and Slum Dwellers International, were seen not as embodying technological innovations but as organisational innovations that provide ways of prioritising the voices of the poor, for example by building networks and providing mutual support. These can serve to enhance political recognition.

Other forms of innovation taking place at the local level are not new and include initiatives like microfinance and community asset-building. At national and international level, there has been significant growth in development financing innovations (impact investing, innovations in tax systems), of agricultural technology (seed technology, connecting small-scale farmers, localisation, distributed models, income-generating activities, green ecology) and of pro-development fiscal policies (pro-poor tax arrangements, enabling tax environments for philanthropy, policies aligned to development and strengthening global fiscal policy) that seek to use existing resources differently and to build in greater accountability to people. There are also conditional cash transfers and community-based cash transfers that are generating wellbeing for poor people. These are complemented by the building of community foundations (and generating a place-based philanthropy) and by diaspora philanthropy. In terms of knowledge-sharing and its potential for innovation to enhance wellbeing, participants spoke of the examples of new dialogue and convening practices (such as the World Cafés, Science Cafés and deliberate democracy) and of more experiential enquiry into development by practitioners and philanthropists (through learning journals, more and different visits that speak to different local actors, questioning ways of assessing and gathering information). Finally, alternative forms of measurement and assessment of GDP, new forms of leadership, leadership renewal, the possibility of collaborative leadership, bridging leadership and new cross-sectoral collaborations were all identified as having potential value for providing greater wellbeing within a development and philanthropic perspective.

Breakout Group Two

Discussion explored three examples of innovation, which the group chose to reflect three categories of innovation: (1) technological, (2) social and (3) financial – the examples in each category that were discussed were: (1) M-PESA, (2) Mazdoor Kisan Shakti Sangatan (MKSS) and (3) Bolsa Família (or Family Allowance).

M-PESA (the innovation of using mobile phones to transfer money across national borders) was seen as a good innovation for wellbeing that has 'gone viral' with more than 18 million people in East Africa now using it. This is because it brings development actors together with new actors in the private sector (network providers and bank regulators) to solve problems, and because it addresses problems of urbanisation and rural–urban linkages. In addition, it operates as a timesaving device, making it possible for people to receive money without having to travel long distances. It helps to increase security as people are not carrying large amounts of cash. It also enhances transparency and reduces leakages as there are fewer intermediaries handling the transactions. The M-PESA also creates an enhanced capacity for people to save. This has a cushion effect, ensuring that people do not lose money as fast, thus potentially disrupting the dynamics of poverty. This will also require changing bank regulations. M-PESA will also produce hard data about the informal sector and the manner and degree to which this contributes towards the economy. This will, ultimately, shift the priorities. The consequences of changes to bank regulations and the production of formal data on the informal sector are not yet clear, although governments tend not to regulate in ways that enhance good potential and focus instead on regulating against misuse, so potential opportunities to enhance wellbeing may be overlooked.

The Indian **MKSS** movement, which translates as the Workers and Peasants' Power Collective, originated in Rajasthan as an attempt to create greater accountability and transparency in the payment of workers' minimum wages. Although in India people have the right to freedom of speech and expression, and they have a right to life and liberty (under Article 21 of the Indian Constitution), poor and lower caste people's experience was that there were no effective means to hold authorities to account and to ensure that these rights and policies were being addressed, nor was there any law that ensured transparency of how official budgets were being used. This resulted in a struggle to achieve constitutional provisions for the right to information (RTI), which became a national issue and movement. Part of the innovation in this example involved the engagement of new actors. Among others, philanthropists supported the effort, with the Commonwealth Human Rights Initiative (CHRI) helping to draft the law and with Soros's Open Society Foundation contributing to setting up independent information commissions. This example of cross-sectoral collaboration with communities was seen as successful, and worth exploring, as a counterpart to the previous example in which technology played such a significant role.

Bolsa Família is an example of a government programme in Brazil that was initially based on the idea of providing cash grants for poor families on condition that they undertake a number of predetermined actions (such as sending children to school). This has been widely regarded as a highly successful and ground-breaking programme. It has been emulated internationally and in Brazil it has been extended to address issues of mobility and food security and is said to involve 20 million families/households. Inevitably there has been criticism, with some arguing that the grants become a cause of dependence, of turning people into consumers without providing jobs, and for keeping women in conventional gender roles (although alternate readings suggest that women are innovative in how they use these government subsidies and do not always behave in expected ways). There are now other programmes that address the limitations of the earlier conditional cash grants by including job training, by cutting back on the constraints and by making them more pro-women. In addition, questions remain around corruption, about who is selected or excluded and about whether the programme really targets the poor. Other questions have been raised about the degree of correlation between voting patterns and receipt of the Bolsa Família, and the extent to which this has reinforced client–patron patterns. Bolsa Família was seen as innovative because it started out with a rather narrow economic focus, but has evolved to explore other dimensions of conditionality.

These changes have turned the grants into a more multifaceted approach, which is said to have lifted 20 million people out of poverty. The Bolsa Família is also seen to have had ramifications in terms of improving people's health (here, Rockefeller was involved in funding a pilot) and in terms of reducing inequality as indicated by the Gini coefficient. The Bolsa Família is also a good example of all three levels of government (local, state and national) working together and providing better-targeted policy with more decentralised ways of action. Nonetheless, the long-term effects of Bolsa Família are still undetermined and it is not clear whether this programme is sustainable or what long-term changes it will effect in society and economy.

Bolsa Família is a government-run programme and part of the national welfare system. In contrast to the example of MKSS in India, this Brazilian programme is seen as a redistributive policy and not considered to be a safety net programme (as is the case with the Indian Government's NREGA scheme). In addition, it is not just a public policy that offers a minimal level of employment, as it was introduced with the specific aim of reducing inequality.

In assessing these three innovations, discussion centred around the potential for failure, and the ability of philanthropic organisations to put risk capital on the table and to provide evidence that enables large-scale action.

Module One Breakout Session 1: Characteristics of an enabling environment for innovation

Breakout Group One's discussion about the characteristics that facilitate an enabling environment for innovation dealt with several different elements, including asking questions about how to evaluate innovations. Some generalisations could be drawn: first, the innovations discussed in depth all started small with unclear futures but then evolved, making it difficult to choose one innovation over another at the early stage. Second, development actors tended to be missing from the early stages of innovation in all three cases, yet in all cases the innovation addressed development-related issues. Third, in all three cases, people demanded a change or that some of the conditions of their lives be addressed.

In exploration of these three innovations, some general principles (which could be framed as questions) appear most relevant:

1. Where did the problem identification come from? (The implication here is that if communities or people on the ground identify the problem clearly, the solution is more likely to go to scale.)
2. How do the solutions get designed? (The suggestion is that multi-stakeholder engagement and collaboration is significant.)
3. How was common purpose and trust created? (The suggestion is that good innovation possibilities will actively seek to do this.)
4. In what ways did the innovation create new methods of recognising and supporting partnerships? (Again, the suggestion is that innovation requires deliberate work in this area.)
5. How is evidence used to make a case for the innovation or what evidence is needed to make this case?

Participants in Breakout Group Two shared their knowledge of innovation across the development sector and explored what makes innovation happen and what makes innovations grow. In highlighting a wide range of different types of innovations, participants pointed out that innovation is not only technical, and that innovations can be broadly grouped into different categories.

- **Financial** Catalyst funds or shared funds; poor-to-poor philanthropy; collectivised high net worth individual investments; pooling and redistribution of risk through insurance and social impact bonds; co-financing of community initiatives.
- **Technological** M-PESA; GIS information allowing rapid response to violence; tablet applications for use by African students; social media changing what is possible in civil society. The group recognised, however, that this technology is not universally accessible.
- **Data** Local data collection involving door-to-door visits to collect information on evictions, incomes and so on in addition to GIS mapping; wellbeing, happiness and multidimensional poverty indices; crowd-sourcing.

The breakout group also identified some practical responses to issues and some process innovations:

- **Practical responses to issues** Replicating traditional birth practices in clean hospital environments in Ghana; new forms of fertiliser; Community-Led Total Sanitation; cash transfers to promote employment; Prathtam (or NGO) provision of education to underprivileged children; clean energy models that give access to low-income households.
- **Process innovations** Such as new ways to make democracy work.

In these discussions, Breakout Group Two sought to identify some common features of innovation, recognising that: human needs drive innovation; innovation emerges through the interplay of multiple voices; that it lies at the interface of disciplines; that it is seldom short-term; and that it emerges out of a context that accepts failures as well as out of individual inspiration and serendipity. The group argued that there is a need for development organisations to:

- find ways to identify and support the emergence of innovation;
- test and develop innovations;
- turn innovations into full-scale products or processes;
- take innovations to scale.

Taking an innovation to scale requires alignment with the wider development system and greater attention being paid to engaging with other actors of the development ecosystem to ensure that the innovation has the environment in which to grow. '*Things go to scale when an intervention is just right for all of the other players. You have to think long-term to get all the pieces into place*'.

As different institutions are unlikely to be able to be active on more than one (or at most two) places on that spectrum, development actors need to identify where their comparative advantage lies and define complementary roles. In this regard, philanthropic organisations should be able to play to their strengths far more than they currently do. There is a trade-off between accountability on the one hand and flexibility and the ability to take risk on the other. This breakout group suggested that philanthropic organisations are more able to take risks than other development organisations such as multilateral organisations.

In addition:

- Innovators need to be able to focus on innovating while other actors in the ecosystem focus on bringing innovations to scale.
- There needs to be a much greater emphasis on what is already there. Focus on catalytic investments that can enhance or encourage existing innovation.
- A results-based orientation is the enemy of innovation. Evaluation as it is currently constructed can kill innovation and undermine local community activity.
- Innovation needs not only to focus on technical solutions, it also relates to new processes and new relationships.

Innovations can be seen as having four stages: (1) the generation of new ideas and solutions to problems; (2) the development and testing/piloting of those ideas; (3) turning them into a 'finished' product or process; and (4) taking them to scale/supporting their systematic adoption. Different types of organisation will have a comparative advantage in different domains.

Module One Breakout Session 2: Barriers to innovation

Both Breakout Group One and Breakout Group Two identified similar features in relation to the barriers to innovation. These included recognition of the fact that identifying and supporting innovations as they emerge is particularly challenging to development and philanthropy. This is linked to a number of organisational barriers, which include the following.

- The tension between the long-term development cycle for innovations and the short-term nature of funding cycles.
- The project-based nature of funding, which undermines the value of having good people and partners.
- Development and philanthropic organisations are not structured to be opportunistic.
- The 'messy terrain' (such as slums where land tenure is not secure) in which innovations take place are not the kinds of spaces that funders like to invest in.
- Funders' unwillingness to invest in infrastructure, organisational systems and financial management systems.
- Funders' inability or unwillingness to take innovations to scale (after having funded pilots).
- Accountability/strict reporting guidelines/logical frameworks and non-flexibility of some funders were seen as an opportunity cost of innovation.

In addition, there is often a systemic failure to identify synergies with other organisations working in similar countries or with other sectors of society, while simultaneously deliberately avoiding – and not supporting – the innovative work of others for competitive reasons. '*We don't want to fund other people's innovations. Each organisation wants to have its stamp*'.

In addition, the groups asserted that language acts as a constraint on innovation. In the first instance, it shapes what is being done because the language used to talk about poverty and to measure people's and nations' progress comes to shape development and intervention strategies. Because all measures are culturally conditioned, it is necessary to acknowledge the manner in which knowledge systems, shaped and sustained through language, drive a conception of development that originates in an economic perception of development rather than a human-centred notion. Thus different conceptualisations of development produce definitions of 'the poor', 'the chronic poor' and 'the destitute', and in so doing produce their own development constructs. Another dimension of language concerns the manner in which development is then constrained by language and by its own construction of problems through prioritising. Thus proposals are expected to fit within the established goals and initiatives of particular organisations and this constrains the organisations' ability to be forward-looking.

The logical framework approach, which still underpins much of current development thinking, was identified as a particular barrier to innovation. This is because innovation is the product of trial and error, yet a logical framework implies that there is little space for trial and error. In addition, the log frame supports a bureaucratic need for predictability rather than a developmental need for experimentation and innovation. As such it is often completed at the outset of a development intervention rather than being used a tool to enhance and delineate a process of intervention throughout. This, in turn, creates an illusion of linear development that does not correspond to reality and allows no room for trial and error.

Similarly, the 'measurement culture' of many development organisations can be a barrier to innovation by creating incentives for making 'safe' decisions. Innovation is thus 'stifled by results-based investment'. This is because organisations measure what they do and it is hard to measure innovation. Innovation requires an ethos by which, if 10 per cent of your investment achieves breakthrough, that is considered to be a success. Mainly commercial enterprises would consider that to be a good return on innovative ventures. Yet in development and in philanthropy, as many participants pointed out, failure is not openly discussed. Despite recognition that it is not possible to have success without some failures, risk remains a challenging topic. Failure is additionally challenging in the development context, which has a direct impact on people's lives. '*In commercial research and development you are playing to win, in development you are playing not to lose'*.

Although some participants understood that accountability necessarily acted as a brake on risk, others argued that it was not automatic that it should encourage risk aversion. Ultimately, neither philanthropy nor international development is good at encouraging or accommodating trial and error in relation to identifying or supporting innovations that have the potential to enhance human wellbeing.

Module One Breakout Sessions: Solutions

Having explored the obstacles to and drivers of human wellbeing through a mapping of the development ecosystem, of actors and institutions, eliciting the characteristics of innovation for human wellbeing and exploring both the barriers to and enabling environments for innovation, all the participants now divided into three groups to explore their chosen 'agendas for change'.

Module One Breakout Session 3: Agendas for change: People, politics and power

One group explored the opportunities to build people's institutions, movements and asset-building (through growing local philanthropy). Several suggestions for catalysing human wellbeing improvements were made.

- Support research and convene meetings to connect established actors with new movements.
- Support civil society policy platforms and large international networks.
- Commit to concrete and significant investments in women's empowerment and rights (focused on economics and power) and more broadly in funding for social justice initiatives.
- Focus on youth-centred programmes, including youth-to-youth initiatives such as 'youth banks' where young people are involved in philanthropy and can allocate their own funding for development.

- Support intergenerational voice through key domains such as policy influence by citizens, community engagement in processes such as RIO+20 and the post-2015 (post-MDG) settlement, as well as through significant investment in social movements.
- Pay greater attention to supporting middle-class activism.
- Increase research and knowledge on the big changes stemming from global crises (financial, ecological, etc.) and ensure that communities have access to this knowledge and research.
- Improve philanthropic governance.

Faced with this broad and diverse array of possibilities, this group committed itself to the following immediately actionable steps:

1. Follow up with an ongoing dialogue on people, power and politics – with involvement of a major media house (as in the Doha debate).
2. Follow up with a task group focused on supporting the 'demand side' of development.

Module One Breakout Session 4: Agendas for change: Reorientating the development system

The vision for this group discussion concerned how to reorientate the development system towards protecting and promoting human wellbeing. This involves a people-centred notion of development, greater grounding in the community, recognising the impact on individual dignity of everything that we do even though many organisations fail to do so. The group began to explore the possibility of people-centred approaches to different stages of the innovation model. The model defines four stages of innovation, namely innovation, pilots, refining, and scale and sustainability.

In this discussion, it was decided that two major changes are required in order to begin to reorientate the development system. These are:

1. Put people and communities at the centre of idea generation, analysis, and problem-solving and action.
2. Reframe the way we work so that we catalyse collaborative and complementary action (moving away from the model of imposing solutions and directing change).

In order to achieve these, the discussion identified two fundamental conditions.

1. Moving from a top-down, predetermined process to an iterative process characterised by openness for continuous learning and accountability.
2. Expanding and understanding the complementarity of actors (inclusive of 'new' and non-traditional actors), leveraging knowledge, networks, assets and action.

This requires a four-step process, which involves: (1) identifying the actors, establishing their roles and responsibilities; (2) designing platforms for knowledge-sharing within and among institutions and across sectors; (3) identifying political and resource constraints for action; and (4) creating the mechanisms and incentives needed for action across sectors.

Module One Breakout Session 5: Agendas for change: Innovation

In focusing on trying to enable people-centred innovation, this group explored the value chain and opportunities bringing this about. This involved addressing the following:

- What are the roles?

- What are the resources?
- Who are the important actors?
- Are feedback loops included?
- What is the appropriate evaluation system?

Creating people-centred innovation requires finding and adapting or updating existing innovation value chain models, and ensuring that mechanisms are in place to spot innovation when we see it. This led, in turn, to the question of how failure and success are defined and, linked to this, the significance of results, in a people-centred approach. The balance of 10 per cent failure and 90 per cent success of the private sector cannot be shifted into the development sector because of constraints of resources and because of the immediate connection with people's lives. But what might be an acceptable level of failure? Who is allowed to fail along a value chain and at what point? Can a platform be created that shares the learning from failure among development organisations and philanthropists?

This group committed itself to:

- creating a list serve/blog post about the innovation value chain;
- exploring the convening of a conversation beyond the Bellagio Initiative;
- continuing discussions on these topics with development agencies;
- producing and distributing a literature review on value chains, their applicability to wellbeing, and their value for understanding the possible roles of development and philanthropic organisations in promoting innovation.

Final 'pop up' ideas

The module concluded in plenary with brief, individual comments from participants.

- *We need to be wary of assumptions that civil society can always act freely and so we need to do more to enable civil society – in some countries – to speak legally*.
- *The language of participation is very powerful, but I wonder about the word 'value chain'. Some initiatives do not like to use this idea of a market-based product. I can't see this idea applying to women's organisations that deal with domestic violence. So the language needs to find a confluence with the people*.
- *Communities do contribute time, effort, solidarity to development efforts. This needs to be connected with philanthropy to unleash change.*
- *Innovation cannot guarantee successful outcomes*.
- *Emphasising everyday practices in the community and new social movements that contribute to human wellbeing should be fostered*.
- *The development ecosystem can stimulate and facilitate research to better understand its own dynamics*.
- *It would be a real achievement to expand the Better Life Index into a development tool, asking, 'What does wellbeing mean for women and young people?*'
- *Context is very important and often overlooked. Major influences like democracy or disaster really inform people's chances to innovate and to invest in the post-crisis reconstruction, insulating the community against further deterioration. This is very important for women's rights and empowerment as they often innovate during a crisis but*

afterwards they are often displaced. These innovative women are then marginalised and disempowered while others take over.

- *People's movements, such as the YWCA, can be seen as one community in one country or can be viewed at scale as 22,000 organisations. But development and philanthropy have not enabled organisation at scale. Support is project-ised, which means you cannot unleash the scale capacity of the people. The tools and relationships that enable this have not been to scale. There is a lack of trust that people's movements can be effective at scale*.
- *The question of trust remains. There is the barrier that we don't trust each other. This is not a function or accountability issue, we just don't trust each other*.
- *The need to trust also stems from knowledge and understanding and openness. The more we open up, the more we build a community of trust. Sharing stories, both positive and negative, also builds trust. This is very powerful as evidence. The more this can be shared, the more we can build up trust*.

Development philanthropy should be driven by shared values and objectives, but anchored in transaction dynamics which should come after a sharing of values.

MODULE TWO

Future resources for human wellbeing

The purpose of this module was to consider what resources are available for philanthropies and international development organisations to use; what new ways these can be used to more effectively protect and promote human wellbeing; and also to identify any new resources that could be mobilised.

MODULE TWO: Future resources for human wellbeing

SUMMARY

Following the financial crisis and with the changes in aid provision, it is clear that new resources need to be found for the promotion of human wellbeing. There are potential new resources, but these need fostering and coordination. The discussions focused on private wealth and the business sector, public funding, skills, talents and networks. Resources are much more than financial resources. Community voice and action are central to good identification of issues and delivery of outcomes.

Module Two Panel: Identifying future resources for development and philanthropic effectiveness

The module began with a panel of Barbara Ibrahim, Director of the John D. Gerhart Center for Philanthropy and Civic Engagement, America University in Cairo; James Chen, Co-Chair, Chen Yet-Sen Family Foundation; and Sally Osberg, President and CEO, Skoll Foundation, and was followed by a series of breakout groups on key resources that the group agreed upon. Audio of this panel is available on the Bellagio Initiative website at http://action.bellagioinitiative.org/panels/identifying-future-resources-for-development-philanthropic-effectiveness

In introducing the panel, Neelam Makhijani stressed that resources should be understood in a wider sense that just financial resources. A full understanding also includes, for instance, skills, quality time, standing up for dignity and rights (‘voice’), as well as the application of technology.

Barbara Ibrahim reflected on the experience of the Arab Spring, which should be understood primarily as a response to a ‘deficit in democracy’. One slogan she had seen used elsewhere that pleased her was ‘protest like an Egyptian’. The impetus for the movement was the tragic self-immolation of a young street vendor, Mohamed Bouazizi, whose fruit cart had been, once again, confiscated in Tunisia. Barbara suggested that his sense of despair was caused by the repeated affronts to his dignity by government officials, who behaved as if they were part of an extortion ring. This was not a reaction against absolute deprivation, since the man in question had education and shelter, but was because he sensed no future and was affronted by the actions of the authorities. It was a protest against authorities who treat the individual as if their lives are worthless and who force citizens to live in fear. There had been no fairness in the application of ‘the rules of the game’. The movement that grew from his action spread to other countries – including Egypt, Bahrain, and Yemen. It is easier for philanthropic organisations to work on, for example, children’s literacy, rather than more difficult issues of dignity and social justice – but the message of the Arab Spring is that these are neglected parts of the philanthropic puzzle. In terms of the resources unleashed, it was clear that young people are not waiting for foundations to organise them. They have taken the initiative into their own hands. Initially many of them had not worked in the political space as it was too dangerous, but when the protest movement took off, many of the young innovators came into the movement with their organisational skills and energy.

Perhaps the lesson for more established philanthropic organisations is to create the opportunities and keep out of the way, as ‘people power’ develops and resources are mobilised by the movements themselves using crowd-sourcing, new ways of collecting money and mobilising communities, and providing an outlet for the skills and optimism of young people.

Sally Osberg introduced The Skoll Foundation, which was established by Jeff Skoll, the first president of e-Bay. This organisation takes an entrepreneurial approach and has a particular interest in participatory media and the application of new technology.

One of the films supported was ‘An Inconvenient Truth’. This Oscar-winning documentary on climate change clearly highlights the development–sustainability imperative. The Foundation sees support for social entrepreneurs as central to its mandate. Who are social entrepreneurs? They are prepared to take the risk involved in important ventures and to drive them forward. The Foundation wants to invest in, connect with and celebrate social entrepreneurialism.

The Skoll Foundation stresses the importance of human agency to overcome learned helplessness. Development aid, if provided in a top-down manner, can inculcate or maintain learned helplessness. The key is to support strategies that create solutions. Storytelling must be used to motivate. One example of a supported initiative is ‘Riders for Health’, which took the passion of motorcyclists who wished to become involved in development work and has evolved a model for the distribution of medical supplies by motorbike to rural parts of central and southern Africa. This activity was profiled and highlighted through a BBC film, which this has helped to ensure the widespread acceptance of the approach.

Another example is the Campaign for Female Education (CAMFED), which works on more robust mechanisms of accountability. It ensures that committees are established at every level – school, district, region and national (Ministry of Education) level to monitor the use of education budgets.

James Chen was asked why his family were prepared to devote family wealth to philanthropic activity. He responded that this resulted from his father’s personal experience as a boy growing up 50km from Shanghai, where he had been through famine and even had to resort to eating the bark from trees. After becoming a wealthy entrepreneur, he had wanted to give something back to the community and, in effect, had taken early retirement. In the 1980s and 1990s, there had also been other expatriate Chinese who had put money into their home regions, by financing schools and clinics. His father had always insisted on an involvement going way beyond writing cheques. It was a much more personal and ‘hands-on’ commitment in dialogue with the staff running the projects.

As the work grew, it was valuable to formalise it in the work of a family Foundation. As a result of a review of changing needs, a focus was developed on school libraries. Again, this was much more than just the provision of books. It involved changing the mindset of teachers, parents and pupils, and the provision of the kind of books that children would want to read. One example presented was an attractive Chinese language, illustrated children’s book. This first example of its kind gained huge acceptance and become a prizewinner in the USA.

James Chen noted an evolution in his own understanding of philanthropy and also in the sector. The Asian tradition of philanthropy has been to be modest and private about it. Asians are often generous with their money, but there is less of a history of involvement through time, skills and effort. In arranging conferences, his Foundation was noticing that this is changing. In China, it is a very dynamic and fast-moving sector. Whereas a few years ago, China had been a recipient of World Food Programme support, now it is a contributor to WFP funds and programmes. Local NGOs are developing fast. For example, the Narada Foundation has done excellent pioneering work on the needs of migrant workers’ children and other areas. This is top-class research and project formulation.

It is also encouraging that gifted young graduates from top universities are prepared to dedicate themselves to this kind of work even though they could earn far more elsewhere. There is so much to do within China. Even though the government realises that it does not have the capacity to address all the social issues, it is uneasy about accepting development aid, which it sees as a threat to its power.

In moving into work overseas, James Chen had been looking for a potential 'game–changer' for the developing world. He had met the inventor of the adjustable spectacles that had become the basis for his Foundation's work in Africa. He had instantly seen the potential of this invention. He had also worked to ensure that the social enterprise model could be sustainable by developing the product for the rich world (Japanese) market, and cross-subsidising production for the developing countries, since the research and development costs were covered. The adjustable glasses came in two models – one fluid-filled, the other with two lenses that move across each other. The net effect is the same – a quickly adjusted prescription that could help 80–90 per cent of the population. This was the technology that is now being used to develop the work in Africa.

The rich contributions of the panellists provided many inspirations. These are some that were particularly resonant across the conference:

Dignity lies at the heart of development.

> *What sparked this movement [the Arab Spring] was not the lack of one of the basic human needs, as considered by philanthropy and development traditionally. It was the lack of dignity of the people. (Barbara Ibrahim)*

Action is not dependent on formal organisations. Philanthropies might consider how they engage directly with people.

> *In the Arab world young people didn't want to wait until they could be part of an NGO or a space opened up for them being engaged. They have started their own initiatives and community activities. (Barbara Ibrahim)*

Huge financial resources exist within communities. These can be nurtured and supported.

> *Young people have great potential and energy to mobilise resources, crowd-sourcing for money. [Don't] just focus on wealthy people – extend this to the resources in the community. (Barbara Ibrahim)*

> *The amount of money that Egyptians send back to their country is an incredibly untapped resource. It is done on a very ad hoc basis and usually from individuals to individuals. Foundations could tap into this way of philanthropy. (Barbara Ibrahim)*

Time is as important a resource as money.

> *We started to collaborate more with other philanthropists and realised that people are very generous with money but not necessarily with their time, so we tried to encourage more people to dedicate their time and perceive time as a resource. (James Chen)*

One of the comparative advantages of philanthropy is that it is good at taking risks and stimulating innovation. Philanthropy can support innovation to go to scale.

> *I think the advantage of a family foundation in particular is that we can take more risks than governments. When you look at innovation, we can accept failure and have the time to try what works and what doesn't. Foundations can really drive the innovation and once you have successful models you can then go to donors, agencies and government for them to scale up. (James Chen)*

> *Networks that philanthropies build are crucial and critical for innovation to go to scale. In Brazil, for example, satellite imaging technology is used to follow deforestation as it happens and pass the information on to the government to follow up on these illegal acts. (Sally Osberg)*

Collaboration with the public sector can enhance impact.

> *There are 'enlightened' philanthropic organisations that understand that they have to work together with public organisations to increase their impact. (Sally Osberg)*

Innovation for development can come from commercial development.

> *We launched this product in Japan. It is called 'emergency glasses' and the wonderful thing is that the resources spent on a commercial product are also applicable to the developing world. The more successful we can be in the developed world, the more resources we have to transfer to the provision of products for the developing world. The glasses are adjustable to size and you can use these for different [focal] strengths and there are two frames/models which fit people with different requirements. (James Chen)*

There are always unintended consequences of our interventions and we need to be alert to them.

> *A coalition of American foundations are in Egypt today to prepare for the pre-election phase and they provide training to women and young people on how to participate in the political process. They are using local counterparts and doing good work. But [most groups] don't need the support. The ones that are taking advantage of the services are the most right-wing groups in the country. We need to be very careful about what kind of services we provide and what they might affect. (Barbara Ibrahim)*

The old divides are up in the air.

> *There is a new divide now concerning values. It is no longer North/South. It is now about whether you are in favour of sustainability or whether you want to proceed with the financial system as it is. (Barbara Ibrahim)*

After the conclusion of the panel, participants divided into randomly assigned breakout groups to brainstorm and prioritise potential resource topics that would structure the remainder of the module. The four topics that were chosen for discussion over the remainder of the module were:

1. Innovative financing and business models, private wealth.
2. Public funding.
3. Skills talents and networks.
4. Communities, values and action.

Module Two Breakout Session 1: Innovative financing and business models, private wealth

The group focused on mobilising more private finance resources for human wellbeing and achieving better results from the ways in which different current forms of private funding currently operate. It started by addressing the following question: If we saw ambitious but realistic improvements in how we collaborate on this resource, what would the resource and its context look like in five to seven years?

After an initial round of discussion in which the parameters were clarified, the group began to build a list of types of private finance that it would consider. This included discussion of: remittances, corporate shared value, impact bonds, social enterprise/impact investing, and philanthropy and innovative forms of public giving. When asked to clarify the connection to the 'promoting human wellbeing' dimension, further categories of pooled funds, faith-based giving and venture philanthropy were brought into the discussion.

People charted out their experiences of working with the various types of private financing/giving that had been listed. This included a range of explanations of the evolution of the various forms (such as the growth of diaspora giving) and also a discussion of the relative size and significance of the type of finance in terms of whether and how philanthropic organisations should engage with them. A matrix was then developed over the subsequent sessions that was used to solicit feedback from the plenary group of all participants and then revised, to provide an analytical tool with which to set parameters for whether the form of funding should be a priority for philanthropies to work with. The substantially developed version of the tool/framework is given in Table 2.1.

Table 2.1. Innovative financing assessment matrix

	FDI	Corporate social value	Microfinance initiatives, savings and SMEs	Impact investing and social enterprise	Giving	Remittances
Accountable to the community for wellbeing	Low	Low	Medium	Medium	Low/ Medium	Low
Self-sustaining						
Appetite for risk to invest in wellbeing	Low	Low	Medium	High	Medium	Low
Strategic in its focus on wellbeing	Low	Low	Medium	High	Medium	Low
Potential of impact on wellbeing (scale)	High	High	High	Med	High	High
Likelihood for getting somewhere	Low	Medium	High	Med	High	Lowish

It was decided, for example, that although foreign direct investment (FDI) was a highly significant form of private finance in terms of its impact on human wellbeing, it was likely to be too difficult for philanthropic organisations to leverage more positive impacts in this arena. As such the group recognised its significance for the issue and that it should be on the agenda for future action but decided not to select it to work on in more detail in discussions at the Summit. Similarly, the group tabled microfinance and small–medium enterprises (SMEs), recognising their importance, but decided not to focus on those. The group did express the hope that organisations would help create an enabling environment (legal, regulatory, reforms) to unlock the potential of anti-poverty interventions (microfinance/SMEs, etc.). They also called for evaluation of the long-term impact of these interventions and refinement of the models accordingly.

The group then selected three types for further small-group work:

- Corporate social value (CSV)
- Impact investing and social enterprise
- Giving and remittances

The breakout groups produced the following aspirational goals for each subject (Table 2.2).

Table 2.2. Innovative financing goals

<table>
<tr><th></th><th>Corporate social value (CSV)</th><th>Impact investing and social enterprise</th><th colspan="2">Giving – indigenous, external and faith-based</th></tr>
<tr><td>Goals for 5–7 years</td><td>Every large company reports on the direct impact of its products and services on wellbeing. Every stock exchange should as well. It should be an obligation and should be independently verified, as with, for instance, the pensions industry in the UK</td><td>Legal framework to take into account stakeholder as well as shareholder values.</td><td colspan="2">Evaluation tools.</td></tr>
<tr><th></th><th colspan="3">Giving</th><th>Remittances/ diaspora giving</th></tr>
<tr><td>Goals for 5–7 years</td><td colspan="3">● Growing and diversifying the total value of giving
● Smarter giving (for wellbeing) – enhancing leverage
● An accepted set of appropriate metrics to measure and report on wellbeing
● A culture of effective giving
● Shared responsibilities between givers and receivers
● Shifting philanthropy to global South/East
● Enhancing accountability of donors
● ‘Educating’ donors (including corporate philanthropy)</td><td>● Reduce transaction costs
● Capture greater proportion going to wellbeing</td></tr>
</table>

Possible next steps for action on innovative financing and business models

The groups were asked to think in terms of their sectors, their own organisations, and themselves. What is ‘business as usual’ and what would be different in action terms if philanthropy and development worked together?

The group chose to focus on two issues for creating recommendations for post-Summit action:

1. Corporate shared value and impact investing.
2. Giving and remittance (including diaspora).

Giving and remittances

Technical More metrics are needed to open up the accountability of the sector so that it can drive to where it will have more impact. There is a need for a broad framework for this to be agreed at the country and organisational levels. There is a need for a broad, universally agreed framework for wellbeing. Could foundations provide a leadership role?

Communication The group talked about how it is fine to have metrics about performance of programmes and organisations but this means nothing unless you educate the donor world about what constitutes effective performance. There is a need to tell people what an acceptable performance is. How would philanthropies do that? There is a need to push education, especially with early adopters and those interested in it, and hope that this mushrooms out. There is a need to communicate the case for support for wellbeing. There is a need to build capacity in organisations and communities to make the case for investment in what they are trying to achieve. There was also an argument that in some countries there is ‘poverty fatigue’ and maybe a need to think about how to depict beneficiaries – how to frame the problem for which private resources are being mobilised. Technology may also help in this communication sphere – for instance, personal URLs (Uniform Resource Locator) (PURLs – cheap but effective) from Oxfam where they can get an increase in positive engagement. Moving away from giving to drawing on the talents of supporters to engage.

Leverage (Defined as seeking to ensure the whole is bigger than its parts.) The group talked about the concept of reciprocity and how philanthropy should be doing more to close the loop between the giver and the receiver (again PURLs possibly useful here).

Sub-group discussion: Corporate shared value and impact investing

The group focused primarily on the impact investment side. They saw the ultimate objective as growing the sector in order to have greater impact on wellbeing. They saw a need to develop a common or shared understanding of what was meant by wellbeing that would entail some metrics. They felt that there was a need to establish or build on existing indices of wellbeing, to see who was doing what. They called for higher levels of transparency about who is doing what so investors can make better-informed decisions.

The group's sub-goal was to understand where the information comes from in order to gather it more effectively (from scholars, governments, communities). It was felt that while there is now considerable accountability to donors, there is no (or little) accountability towards the community. There is a need for some watchdog capacity or some mechanism to show accountability across the whole investing value chain.

The group felt that there was a role for incubation, acceleration and quality intermediaries. (For example, how do you find intermediaries who work in a Kenyan slum?) They felt that there was a lot of duplication and that many of the decisions being made are not information-based. As such there are opportunities for collaboration and strengthening local capacities to unearth this information. It was felt that through these routes there was the possibility both to increase the amount of impact investing and to increase its positive impacts on human wellbeing. It was also felt that there was a need for greater knowledge about the less tangible aspects of wellbeing such as security, dignity and empowerment that might also provide opportunities for engagement.

Module Two Breakout Session 2: Public funds

Definitions

The group began by listing the following sources of public funding for development.

Domestic included:

- Taxation
  - corporate
  - sales and consumption
  - income
  - wealth
  - inheritance;
- Natural resource royalties;
- Border tariffs;
- State-owned enterprises;
- Asset sales;

- Voluntary giving to the public sector (such as donations to hospitals or alumni giving);
- Sovereign wealth funds and other 'pots'.

International included:

- Aid from government (loans and grants);
- Carbon markets;
- Plugging of leaks (for example, tax evasion).

The group debated whether the 'public funding pot' needed to increase or not. The group was convinced that the issue was not of funding but that of effective spending. Is an increase in public funding a necessary but not sufficient condition of better development outcomes, or is it not even necessary? Some participants felt that we needed to generate more sources of income for public funding, others that we needed to better spend the money that we already have. As a result, participants stressed the importance of quality and effective service delivery. Reference was made to 'vast oil revenues in Nigeria with zero impact [on human wellbeing]'.

> *Raising funds will be difficult if the quality of spending is low.*
>
> *There are a lot of funds which are wasted or not utilised properly.*
>
> *Sometimes public spending goes against wellbeing.*
>
> *Community-level utilisation of funds is more important than enhancing the funding.*

What follows from this is that funding and spending cannot be separated, and that it is much easier to mobilise public funding into development if the quality of public spending is high, the delivery of public programmes is efficient and the outcomes of public spending are seen to be equitable. Increased effectiveness of philanthropy and international development could lead to government retrenchment and a decline in responsibility. Current collaboration on mobilising public funding is low.

> *If we collaborated more across the sector how could we raise more money for the public?*

The distinction between public and other forms of organisation may not be straightforward, because some NGOs have moved substantively to a service delivery role and can be seen as 'a government instrument'. Looking at this from another perspective, one participant pointed out that the Chinese government has asked philanthropic organisations to fund the World Food Programme. There need to be more diverse forms of funding but there is no universal answer.

On the spending side it is important that agendas for action are co-created and not government-driven. More broadly, there is a need for an improved contract between the people and government, which could be supported by philanthropies through advocacy. It also might enhance public sector funding by modelling efficiencies through joint projects.

Some key questions asked by the group were:

> *How can philanthropy and development manage to transition to decreased public spending? Is that desirable?*
>
> *Does philanthropy/international development have the same influence on public funding as it does on public spending?*
>
> *Is public funding the most easy-to-leverage resource? Would philanthropies be more effective focusing effort elsewhere?*

Key things that philanthropies could do:

- Mobilise more targeted public funding;
- Leverage additional resources and improve take-up by the public sector through knowledge and evidence creation and sharing;
- Influence better resource allocation;
- Help to reduce transaction costs;
- Work on reducing corruption in the distribution and use of funds;
- Fund demonstration projects, capacity development and convening to improve the quality of public spending;
- Advocacy.

The problem with advocacy from the perspective of some philanthropists is that it can be seen to be political.

> *Using philanthropic voice against cracking down on tax evaders... this becomes very political... this does not resonate with the philanthropic community.*

Some saw the role of philanthropies as to test ideas and hand on to public providers to scale up. Others felt that the ground was shifting and that it may be that philanthropies need to engage in the scaling-up process.

> *The old model was government scale-up, but now governments are cutting back.*

It was pointed out that this might be true for 'developed countries' but it is not true for most Southern countries. It was also pointed out that increased funding in developing countries could lead to decreased funding from developed countries.

The group had a long dialogue on the transparency of revenues. It highlighted the importance of tracking both the payments to governments from (in particular) the extractive industries, the arms industry, the construction industry and others such as water, and what happens to the money next.

The group identified several qualities of philanthropic organisations that they believed will help leverage public resources: the ability to have quiet conversations, the ability to take risks in order to innovate, to work to their values, and to develop longer-term programmes.

Enablers and constraints for mobilising public resources for wellbeing

Enablers and constraints can be grouped around issues of mindsets and culture, governance, taxation. New resources may also be enablers (Table 2.3).

Possible next steps for action on mobilising public resources

Actions are needed to strengthen the social contract between the people and governments. Ideas included:

Corruption

1. Expand ideas such as *Ipaidabribe.com*, or publish school and clinic budgets onsite, and develop apps that can be used on mobile phones.
2. Build a mechanism for gathering stories on corruption.

Table 2.3. Public resources, enablers and constraints

Enablers	Constraints
	New Resources Absence of a network on an international scale to promote public funding
Mindsets Promoting culture of giving and responsibility in business leaders	**Mindsets/culture** Public mistrust of the state; uncertainty of donors; corruption for greed
Governance Improving transparency (e.g. in asset sales); better taxation policy; better systems for tax collection	**Governance** Transparency; systemic corruption; lack of voice; lack of state capacity; economic structure including the informal economy; lack of competency of officials (in service delivery) leading to poor-quality services
Taxation A key way to provide incentives	**Economy** National decline in economic growth; reduced traditional international funding; lack of clarity of BRICS on their country aid policies

Accountability and transparency around the use of public funds A 'follow the money'-type project coordinated across sectors. This would include things such as publishing the royalties that multinational corporations pay to governments and building capacity for civil society to use it. Engaging the media in making available and assessing information on royalties would be important. To be effective this type of process would have to operate within a legal framework of a right to information. Where this does not exist, philanthropists have an advocacy role to play. This would directly respond to problems of tax evasion, and of inadequate and missing revenues from natural resources.

> *The transparency initiative is supported by philanthropic dollars. We need to find more plays like that.*

Taxation of the informal economy With reference to receipt systems in Brazil and China that capture cash transactions, and also legalisation of drugs that formalise the informal.

Increases in governance competency For example, through funding more schools of public policy, etc.

Support for social movements These will give citizens a voice and put pressure on public sector spending.

Brokering matching funding

Public foundations Exploring possibilities.

Incentives Looking at the role of incentives (including tax breaks and industrial policies) to invest in public goods and create public goods. Thinking through the governance of revenue generation.

Develop programmes to ensure that pricing in externalities becomes common accounting practice (bearing in mind that nature can be irrecoverable). Accounting rules need to be developed that have teeth. If philanthropists apply these standards in their own work they have the potential to drive up the quality of practice across sectors.

A report for government with concrete suggestions on how we can collaborate to mobilise more effectively to utilise public funds

Some areas that are natural for philanthropies 'such as the financial management of resources' could support the public sector

Module Two Breakout Session 3: Skills, talents and networks

This breakout group explored the opportunities for mobilising people's skills, talents and networks, both now and in the future. Initial discussions focused on four areas, namely volunteering for problem-solving, brain-drain/brain-feed/capacity-building, technology for propagating innovations, and collaboration/networks.

Volunteering for problem-solving Participants in this breakout group identified a range of different volunteering programmes, exploring their potential to enhance interactions between development and philanthropy in terms of wellbeing. The first example connects skilled multinational corporation workers to development organisations and, in so doing, provides an opportunity to bring particular skills to development work, for example, bringing IBM staff to work in the slums in Brazil. The approach involves identifying good local organisations and using volunteers to provide them with staff and resources that they do not usually have access to. In addition, the volunteers are exposed to new environments in which they tackle problem-solving in the face of new challenges and scarce resources. The volunteers must be able to respond to organisational needs and demands and they must be adequately prepared prior to arrival with the organisation. This matching of the volunteer and the host organisation is critical, and if done well both the volunteer and the host will be beneficiaries of the project. The overall challenges include the need for the scheme to be demand-driven, with volunteers providing needed skills and finding ways to use this to build capacity in host organisations, rather than simply solving immediate problems.

In contrast to the careful placing of volunteers described in the first example, the International Union for the Conservation of Nature (IUCN) follows a membership model. People are drawn to the IUCN because of access to funding and training. This is a particularly powerful means of bringing together skills, talents and networks and mobilising large numbers of people. The IUCN is able to draw together a body of 11,000 expert volunteers who provide a vast range of knowledge and skills. This has massive untapped potential in terms of hot-spot monitoring of disease or emergencies and 'red list' species. But this also has potential difficulties in that these experts are not accountable to the organisation, they do not constitute a formal part of the organisation and yet they are able to speak on behalf of it.

There was considerable emphasis on the need to ensure that volunteers – who are often poorly managed – are being assigned in areas in which they can make an impact. This, in turn, was linked to the ways in which volunteering can build on the enthusiasm of corporate volunteers to influence change and shape future corporations in a positive manner.

Much of the innovation around volunteering work is small-scale, which makes it difficult to ensure that these resources are being used as productively as possible. Thinking about volunteering from a systems perspective allows us to ask how we can invest in making the system more meaningful. For example, USAID has identified volunteering as an important trend so it has invested in the Center of Excellence for International Corporate Volunteerism. This aims to share best practice, recruit volunteers to work on USAID projects, and establish an online platform. Another example is the 'Billion + Change' movement. This initiative by the CASE Foundation deploys corporate volunteers, although this initiative does not dedicate time to identifying whether the use of corporate volunteers is matched to the demand on the ground.

Brain-drain/brain-feed/capacity-building In-country capacity-building and 'on the ground learning' is another means of bringing skills to local organisations. Although this approach does build capacity in the community, it can also result in many different missions and a multiplicity of actors working in a particular area and potentially clashing with each other. One problem identified and discussed in some detail by the breakout group participants concerned the high turnover of staff in NGOs and development organisations. The tendency for people trained locally to move on to other, often high-profile or highly paid, international development jobs is both frustrating for the organisation that undertook the training and difficult to sustain as these training costs cannot be recuperated. (Similar problems were identified within the fundraising arena.) Participants recognised that this training of people came at a cost to local – but not international – organisations. Nonetheless, the training and investment in people remained of value to the development and philanthropic ecosystem if people remained within the sector. Indeed, in moving to international organisations, these people can become important network links within these organisations. Or, if they start their own development-related organisations, then this provides a vital component in terms of capacity-building within civil society.

Technology for propagating innovations This focus provided a way for participants to explore opportunities for collaborating through networks to solve development-orientated problems. In particular, participants focused on technology-enabled and highly distributed networks that bring people together to work on problems and share knowledge. This is complemented by an online platform in which people develop trust and jointly confront challenges. '*These social entrepreneurs are the quintessential agents of change'*. They are pursuing opportunities that they identify, pursuing their interests and building their ambitions. Some philanthropic organisations – represented by participants – try to build on this, adapting and scaling the innovation. '*The challenge we see is this wealth of young people who want to couple social and/or environmental problem-solving with business models'*. Real entrepreneurs are rare which is why it is important to build this thinking and capacity in contexts where it is not being encouraged. This is a risky undertaking and an enabling environment needs to be created. While participants supported the idea of creating opportunities for social entrepreneurs, one participant voiced the concern that this form of entrepreneurship requires an initial degree of wealth in order to be creative, and technology may not necessarily propagate entrepreneurial ideas.

Building on earlier Bellagio Initiative discussions, participants in the Skills, Training and Networks breakout group sought to identify how technology could be used for reducing inequality and for improving wellbeing. They agreed the area has huge potential, but also that much of it is already taking place in the private sector without the involvement of philanthropy and development. This led in turn to discussions about the degree to which technological innovations enabled people's wellbeing, rather than only generating profit, and the barriers that prevent poor people from accessing mobile and other technologies. Participants identified the development of content relevant to the lives of low-income and marginalised communities as an area where philanthropy can play a positive role and complement the tech-infrastructure work being done in the private sector. They also recognised that technology offers potential to address politics and power.

> *Facebook in itself doesn't do anything, it just removes a barrier to what people want to do and communicate.*

The potential of technology to serve as an enabler and to develop networks was noted by participants, who referred to a wide range of areas in which technology is providing innovative solutions and allowing people to do things in different and new ways. These include technology that makes social protection programmes feasible by transferring cash through mobile phones (in Kenya), community-based insurance where farmers can access insurance against rainfall or against crop failure (in Africa), or producing e-books for schools. One potential area where philanthropists and development actors can work together involves using technology in relation to accountability and tracking the provision of services. This offers a counterbalance to technology as it is produced and used in the private sector 'to create products for poor people' rather than to ensure that the products are developed in ways that benefit poor people. Further discussion centred on the technological provision of broadband access, the costs of investing in technological provision and the associated returns (which potentially inhibit providers from making sure that poor people have access) and on the ways in which governments erect barriers to access. Participants view this as a prime area for public, private and philanthropic (PPP) involvement because of the overlaps and intersections and the ways in which technological innovations can be used to hold governments to account (for example, real-time monitoring initiatives that allow patients and other people to report on public health units and deficient services).

Educational content and programmes were identified as an area where philanthropy could have an impact. This is in part because there are real challenges of sustainability and for the viability of public (that is, not private) schools, yet these educational inequalities will, in the future, define inequalities between countries. In addition, as one participant argued, although the philanthropic sector is very involved in education programmes, the overall impact of their programmes is very small. This is due to the project nature of their approach and the huge inefficiencies that stem from this and that fail to address systemic failures. This area of education has a lot of potential, but the philanthropic approach has to be changed and to be more systematic. Here Northern foundations can learn from other philanthropic foundations such as the Aga Khan, TATA and ICICI, which tend to work directly with the public sector on systemic problems. Learning from these organisations and increased collaboration can help to share best practice.

Collaboration This discussion focused on how to build collaboration between philanthropy and development in the domain of skills, talents and networks. Much of this discussion emphasised the difficulty particular organisations have in contributing to the sector as a whole, because of their project focus. In addition, within this sector it is hard to experiment because innovation is not funded. Nonetheless, networks have potential to address some of these difficulties. Networks, participants argued, should be seen as purposeful outcomes rather than as means to an end. Creating and sustaining a network should be viewed as a valid outcome in its own right. Networks can be used to enhance serendipity, spark passion and enthusiasm, and generate experimentation, particularly when they bring together actors who do not usually interact.

Participants used the following chart (Table 2.4) to assess the enablers and constraints on mobilising each resource, and to evaluate how applicable each resource was to certain cross-cutting issues that had appear repeatedly as topics of discussion in the Summit.

Possible next steps for action on mobilising skills, talents and networks

Participants also explored how to enhance the international development and philanthropic sector and what kinds of changes might be possible. Areas perceived to have the greatest potential for change and for leverage were identified as:

Technology for wellbeing

- Focus on development- and wellbeing-oriented content for various internet sites/services, process and accountability allows development actors to have a competitive advantage over private and public actors in seeking to ensure that technologies become meaningful tools for development and for enhancing people’s wellbeing.

Volunteering and exchange

- Tools and standards could be developed and disseminated to match volunteers to host organisations’ needs and ensure that they are suitably prepared before arriving in the country.
- Research could be conducted to assess the return on investments in volunteering, as a step toward encouraging more cooperation to mobilise volunteer resources directed toward impact on wellbeing.

Table 2.4. Enablers and constraints for skill, talent and network resources

CONSTRAINT	ENABLER	Resource/ Issue	Youth	Women	Risk & Resilience	Natural resources	Politics & Power
Faster moving than we are		Brain-feed/ New skills					
Lack of systemic approach	Expansion of mobiletech; Development-relevant content	Tech4Prop	✓	✓	✓✓		✓✓✓
	Enthusiasm; Changing minds; Potential across systems/ organisations	Volunteering/ Exchange	✓	✓	✓		✓
		Collaboration/ Competition					
We're 'apolitical'; Discomfort	Balance right-wing advocacy	Advocacy/ Comms	✓	✓	✓	✓	✓

Advocacy and communication

Participants reflected on the role of philanthropic organisations in relation to advocacy, and the boundaries between advocacy and lobbying. The current tendency is for organisations (particularly US organisations) to abstain from lobbying and advocacy, either because it is forbidden by law or because it is seen as dangerous because it is 'too close to politics'. There is, as many participants pointed out, a tendency to remain 'apolitical' and this is partly influenced by development and philanthropic organisations' dependence on public funding sources. Yet as new actors and voices enter the development and philanthropic ecosystem, this may well change, particularly as, taking a more positive view, advocacy and communication can lead to increased collaboration between philanthropy and development. '*We need to get over ourselves and engage'*.

Participants also acknowledged a need to invest in broad-based public advocacy and communication, arguing that it is necessary to counter the widespread representations of the poor put forward and because, through advocacy, philanthropy can use the evidence generated to advance good solutions. Participants believed that they should research what works and what does not and communicate this across the public and private sectors, as well as within mainstream media outlets. Generating effective collaborative, multi-actor advocacy will, however, involve creating common ground between actors with different goals and this is a huge challenge. Another possibility is to invest in skills for and models of advocacy. Collaborative, effective advocacy will also help philanthropists and development actors to be more effective and to move away from the silo mentality in development.

- Participants proposed the creation of a readily accessible evidence base and communications strategy for more effective philanthropic advocacy.
- They recommended developing a forum in which to engage with new actors and ideas for more effective advocacy.

Module Two Breakout Session 4: Community, voice and action

Different languages reflect different lenses on issues Breakout group members discussed the fact that participants in the Summit were using different terms and different approaches to talk about development and wellbeing issues. These indicate possibly deeper gulfs in value positions. For example, there was some concern expressed about the use of phrases such as ‘getting information out of these groups’, and ‘this is what they need’ – on the grounds that these suggested an arrogance in terms of the assumptions about who knows what is best for the poor. Those focusing on product development use the language of ‘clients’. Those working on community development tend to focus on ‘communities’. It is necessary to think beyond geographical notions of physical community – for example, the capacity of farm workers and sex workers to organise across geographic distances. It was also pointed out that it is necessary to keep in mind that different people in what are assumed to be the same communities (physical or virtual) have different perspectives, and different communities who all have a stake in an issue may have very different interests and views in relation to it.

There is a need to engage directly with communities NGOs are often gatekeepers to communities. They need capacity development, but also mechanisms are needed to enable institutions to work directly with communities.

Community voice needs to be able to engage with the global as well as the local It is very important to look not just at what is affecting local communities, but to find mechanisms through which local communities can impact on the global issues. The global issues such as financial crisis and climate change often have as great an impact on them as any local issues. This has to include having a seat (voice) at the important tables, but it also needs to be more than this.

> *Action at a local level is necessary, but not sufficient unless you’re linking it to a global environment… and that gets to the issue of enablers and constraints of linking it up to the global level… because what we can do is bring a fisherman to talk at the UN, but what you get is an extraction, not a representation.*

There are also major issues of inequality within the global system of development.

> *Going back to the question of what are the resources that communities are contributing, what we’re seeing is that communities are contributing money to the richest world. I just got the news that Uruguay became a creditor of the IMF, and that money is going to Ireland. The Uruguayan government is taking money from people through taxes, and putting it into the IMF which is going to Ireland. Brazil is now a net creditor of many countries… what this means is that money is being taken out of communities and channelled to finance the debt of the richest countries of the world. This is a complete reversal of the situation we had ten years ago. It is now the ‘heavily indebted rich countries’... communities should be putting that money into reserves to deal with shocks and to maintain stability… what I’m saying is that you need to also deal with these problems at the global level.*

It is possible to engage with community voices within a wellbeing framework Different frameworks need to be overlaid. For example, the Millennium Ecosystem Assessment, initiated in 2001 and subsequently updated (www.maweb.org/en/Index.aspx), refers to physical and social freedom and security issues and relates explicitly to a human wellbeing framing.

There are huge gaps in understanding between what is happening on the ground and what institutions think is happening on the ground Many of the international agencies do not understand local circumstances. For example, the recent *World Development Report* from the World Bank identifies Egypt and Tunisia as examples of best practice.

Clients, resources or partners? The conversation highlighted a spectrum of thinking from seeing people in communities as clients at one end of the spectrum, through seeing them as resources (though it was unclear for whom) and, at other end, seeing them as partners. These quotes highlight the different perspectives in the room:

> *[It is] good to treat them as clients... you want education. How much can you spend on education in the slums of Kenya? $4 per day? So market providers have then to look at how they can provide education for $4 per day.*

> *There is a need to move from treating people as clients to treating them as 'resources'.*

> *We're talking about philanthropy and development sectors, but perhaps we should be talking about three sectors… I think part of the problem is that we forget. We see communities as resources and not as partners.*

There was clearly some confusion and strong differences in perspective.

> *I don't understand the conversation that we're having at this point. In our case, we're providing services to the people… if they don't use the services or products we provide then we're doing something wrong. But when you are at the drawing board defining the services you're going to provide, you go to the market and you test whether it will work or not. So what I suggest is that we test our ideas and figure out what works.*

Different forms of engagement will be needed in different contexts There is a need to differentiate between environments characterised by shock, humanitarian crisis, long-term development, chronic crisis. These may need different approaches. More generally there is a need for better tools to work with highly dynamic environments.

Solidarity or competition? Different perspectives were offered on whether development and philanthropic organisations should be helping to support processes of solidarity-building or nurturing competitiveness to support innovation.

> *I wanted to add a statement about being in solidarity with other communities. Working with the urban poor, they've been able to get governments to listen to them. When there isn't a sense of being one with other communities and having a sense of the greater good, you don't have solidarity.*

> *I don't fully agree because I think that solidarity can be powerful but not always an end in itself… if there is healthy competitiveness… not every community is going to agree about what is important and best for themselves. There may be situations in which communities aren't going to work in tandem.*

Learning to prepare for change One way of looking at the problem was articulated lucidly through this analogy:

> *When real change comes... it doesn't come from an aggregation of small steps, so the question is how do we observe and help the change that is coming? What all of these actors do is really marginal… it's like thinking that a surfer is making a big wave. How can you identify the changes coming and have a positive action in them? Or, for example, with the Arab Spring, with 30 years of not being able to do anything about rights, how do you keep that alive until things are able to move?*

Participants reflected later that '*we have to make sure that the surfer knows how to surf*' or that at least '*the surfer is in the sea'*.

Enablers and constraints for mobilising communities, voice, and action

The constraints side of this table (Table 2.5) was not completed due to lack of time.

Table 2.5. Enablers and constraints for communities and voice

Enablers	**Constraints**
Technology	Shadow side of technology. '*It can help communities organise and can also enable racists to organise; television can contribute to women's empowerment but it can also foster consumerism'*
Access to information, including on what people's rights are; sharing good examples	Poor allocation of capital
Recognition of common values	
Sharing of knowledge	
Ability to self-identify Cohesion [there was no agreement on this]	
Ability to organise	
Funding (when it is responsive to community needs)	
Funding for innovative networking	

Possible next steps for mobilising communities, voice and action

Support communities to prepare for crisis One role for development organisations and philanthropists might be to prepare communities to anticipate crisis and build on opportunities that derive from crisis. But realistically these organisations can only be enablers.

> *What's going to be seismic in terms of change? Our job is not to second guess what is going to be seismic, or even to act on it, but to create an enabling environment in which communities can seize opportunities and deliver seismic change for themselves, based on some of the support that we've provided. This depends on your theory of change… so you may say that if people are empowered economically, then that will lead that to demand for more political space. We can provide information… but in terms of the change, we shouldn't be defining what we think about that, we should be enablers. The other word I think we need to add is 'partnership'.*

Develop the capacity to take risks and support others to take risks There was a great deal of discussion about risk. Some participants felt that while the perceived added value of philanthropic organisations is their ability to take risks, in reality they mostly do not.

> *A lot of philanthropists would say that they are already taking risks, but I think there is a consensus among the development community that they don't. I think we need to be clearer about what 'real' risk is and what 'real' failure is.*

> *Gates (Foundation) decided to continue to invest in vaccines, but politically speaking there is very little risk in this, it is a very safe choice. But the rights thing is more politically risky,*

> *because you can get your offices closed down, your staff killed, etc. I think innovation, either financial or social innovation, that's the space where I'd want philanthropies and development funds that aren't short-term and aren't committed to an ideological framework to be engaged in. What I'm saying is that that's [work on rights] the really risky stuff, and it's probably too risky for foundations.*

This suggests that when we talk about risk for foundations we need to think about two things. First, how foundations can help to mitigate the risks that people on the ground are taking in defence of their rights and livelihoods. One answer to this is to advocate for the opening of political space and rights, using the political clout of philanthropic organisations that NGOs often do not have. Second, how can foundations support people in the innovations (and implicit risks) that they need to take to find solutions to local problems? This requires them to have a 'huge risk tolerance' in contrast to 'commercial investors [who] are not willing to take certain financial risks'.

> *If we want to encourage risk-taking behaviour, we need to think about how we can encourage that within organisations, and also among organisations, such as through comparison/competition and peer pressure. If our institution is taking more risks, then it may encourage others.*

This also requires acknowledging and learning from failure while allowing time for things to take their course.

MODULE THREE

Future frameworks for development and philanthropic collaboration

The purpose of the third module was two-fold: first, to explore the future dynamics of collaboration between philanthropic and development actors and organisations; and, second, to identify specific possibilities for collaborative action to advance development policy and practice and to protect and promote human wellbeing.

MODULE THREE: Future frameworks for development and philanthropic collaboration

SUMMARY

This module was designed to explore how philanthropic engagement and international development initiatives can best fit together to promote human wellbeing. This involves an ongoing reassessment of how philanthropy relates to the evolving development ecosystem. It requires a critique both of the international development system and its operation and of existing models of philanthropy. To increase trust, best practices must be applied and reinforced.

Module Three Panel: Future frameworks for development and philanthropic collaboration

This module began with a panel comprising Akwasi Aidoo, Executive Director of TrustAfrica; Michael Green, economist and co-author of *Philanthrocapitalism: How Giving Can Save the World*; Sheela Patel, Director of the Society for the Promotion of Area Resource Centres (SPARC); and Xiulan Zhang, Dean and Professor of the School of Social Development and Public Policy, Beijing Normal University. Audio of this panel is online at http://b.3cdn.net/bellagio/ab83474fddbbc784a3_mlbzd96lf.mp3

Akwasi Aidoo argued that we should move away from viewing philanthropy as an instrument for development; rather we should accord it a value in its own right. He suggested that we should move from viewing philanthropy for development to viewing philanthropy *as* development. The extent to which a society can help itself, particularly during times of crisis or pressure, should be viewed as a indicator of a developed society. This has particular consequences for how we look at Africa, because of its continuing dependency on aid and the imbalance between external assistance and domestically mobilised resources. But, looking beyond the stereotypes, Akwasi argued that Africa does have the resources that could be mobilised for development.

He stressed that philanthropy is not just a matter of material outcomes. Social capital and the interpersonal resources of ‘bonding and bridging’ are important. Philanthropy is also about the social contract, about dignity and one’s place in society – or as is often said in South Africa, it is *Ubuntu*, a word expressing full humanity in relationships.

The context and texture of development are important. The currently dominant and external (and Northern) drafting of the development discourse ignores social dynamics, and places people on the margins. But in this regard there are some elements of international development thinking that are far ahead of organised philanthropy in terms of its approach to inclusivity. For example, right across Central Africa, there are hardly any philanthropic organisations, but there is plenty of philanthropic activity.

Akwasi stressed that the role of China in Africa is an emerging dimension with positive possibilities for Africa. But what would it take to make Africa a continent of hope? He highlighted the following areas of change:

- The growing middle classes in Africa;
- A healthy questioning of external aid;
- African grant-making and the infrastructure for cooperation between foundations is being developed.

Michael Green started by reciting the nursery rhyme Humpty Dumpty – who fell off the wall and 'all the King's horses and all the King's men, couldn't put Humpty together again'. No amount of effort will be able to force all wellbeing and development initiatives into the current development framework. Reviewing the history of the Millennium Development Goals (MDGs), the commitments to additional resources for development at the G8 Gleneagles Summit and the formulation of the OECD Paris agenda, Michael argued that it is surprising how quickly international agreements on aid unravelled. There is now a crisis in aid both in terms of volume and commitments, but also in terms of technological change and shifts in the global economy.

Preparatory documents for the Busan Global Forum on Aid Effectiveness (Nov–Dec 2011) suggested that the agenda of the official development assistance (ODA) community is to try to get private actors, including foundations and philanthropic organisations, to 'behave like us'. There is no chance that they will do so; indeed, they should not. The centrally planned development paradigm formulated between 2000 and 2005 has fallen apart. Philanthropies should not be bullied into behaving like official development donors in an effort to patch up the system; rather, private actors should concentrate on risk-taking.

Sheela Patel argued that the current mix of market, aid and government is a recipe for disaster for the poor. Nor is the imminent emergence of 200 million more middle-class consumers in India good news. India has the largest pool of terrible poverty and despite its high rate of economic growth it is hard to say that India has any comparative advantage in philanthropy. There are real challenges as to whether the middle class will begin more widely to give generously. Much existing philanthropy in India is welfare-oriented, charity, or corporate social responsibility (CSR) of a traditional type. What is needed is more challenging leadership in philanthropy and development, Sheela said. Recently, however, the political elite had been surprised by the sudden mobilisation of a huge movement against corruption. The campaign has involved a substantial number of young people and was digitally mobilised.

Xiulan Zhang spoke about the expanding philanthropic landscape in China. More than 200 new private foundations are registered each year in China. In terms of total income compared with GDP, it is still a small sum but significant funds are beginning to flow. The different sectors need to get beyond blaming each other for any shortcomings in cooperation and coordinate better – involving the state, philanthropic organisations and civil society in new ways of working.

The philanthropic and foundation sector still has a weak engagement with civil society, and its approach to rights-based programming is weak. The new donors tend not to support NGOs, but tend to be focused on market-based, business-style jargon, Xiulan said. These organisations push implementing agencies to use low-paid volunteers to keep costs down. There is therefore a task to be carried out in teaching new donors a more rounded approach.

There are also opportunities for reconnecting with traditional Chinese values, as mutual support systems have been eroded by recent development experiences. Philanthropy can and should cultivate and grow social relations (for example, using the over 50,000 senior colleges where retired people study). More work is also needed in the CSR field.

The following are some of the key contributions from the panel.

We should move away from an instrumental view of philanthropy.

> *I propose we consider it not philanthropy FOR development, but AS development. It is complementary. (Akwasi Aidoo)*

Philanthropy should deliver more than material outcomes.

> *Philanthropy needs to be seen not so much as producing material outcomes but immaterial outcomes — social capital. In my language philanthropy translates into human relationships, being in harmony with everybody. (Akwasi Aidoo)*

Philanthropy needs to consider its Southern context more and the Northern-based narrative less.

> *There's so much concern about textual narrative and in the process we forget about the context and the texture of the narrative. (Akwasi Aidoo)*

Development actors increasingly expect that philanthropic actors will sign up to the same declarations, use the same mechanisms and behave identically to them. There should be greater reflection on comparative advantage, with actions flowing from that.

> *Development actors are not going to succeed in this and we should not bully philanthropies to act like them. The world is far too messy and there are too many actors involved. We should rather look at what philanthropy can contribute and what their role is. (Michael Green)*

Risk-taking has the potential to drive innovation yet is generally lacking in a development system dominated by best practice.

> *Risk-taking should challenge consensus. If the rest of the development community isn't saying you're crazy you're probably not doing your job. (Michael Green)*

> *We are still too much focused on optimisation in development and a tyranny around 'best practice'. What we need is diversity. (Michael Green)*

The market and aid need to reflect on their comparative advantages and align their approaches. The continued fragmentation of effort is a clear impediment to change.

> *More of the same means more confusion and more crises for the rest of us. (Sheela Patel)*

The philanthropic ecosystem in China is increasingly complex. Every year 200 more foundations are established and private wealth continues to increase. Many more donors are beginning to emerge who don't follow 'traditional' patterns of behaviour, yet our understanding of civil society remains weak.

> *It used to be the case that funds would be provided for a project in its entirety, yet the new donors are saying: 'Here are some funds, now go and get the volunteers to make it a reality'. (Xiulan Zhang)*

The traditional aid paradigm is problematic and the lead, where it can, should be taken by the communities themselves.

> *For a long time you sent a bit of money home, now it's about more than just your immediate family and friends. (Akwasi Aidoo)*

> *On the traditional dominance of the global North, I would say that the idea is dead, but it is not yet buried. (Akwasi Aidoo)*

There was a need to shift the focus from giving money to thinking about how to make the focal institutions work better and deliver solutions in the best way possible *with* the poor.

There is a need to broaden the way in which the role of the emergent middle classes is viewed. While they may be seen as potential donors, they might be more effective in creating other institutions, structures or movements that might be conducive to development.

And from the floor…

The current system of project-led NGO involvement in development is 'broken'. The heavy reliance on funders for income has led to 'solutions' that are sub-optimal, fragmented and short term in nature.

> *The problem is the way that NGOs are supported, not them themselves. NGOs are always just one grant away from extinction... [and]… not all that needs to be done is a project.*
>
> *NGO either stands for Nothing Going On, or the Next Government Official. The issue here is how to work with NGOs and make them effective, move away from what I call 'projectitis'.*

Organisations are forced to write proposals or solicitations based on goals either vaguely defined or impossible to deliver. Development actors are forced to over-promise, causing fatigue within the development system and impacting negatively on the trust of both donors and the beneficiaries the system was designed to help.

> *'Projectising' is a problem, but unrealistic objectives and expectations are too. We promise the moon and the stars and everyone knows we can't deliver. All development actors are complicit in this – how can we lower expectations and be more realistic about what we can achieve?*
>
> *We tend to over-promise, mis-describing development because that is how we can raise money and justify the allocation of funds (particularly) from Northern governments.*

Philanthropy and development: Where does philanthropy fit in a new evolving ecosystem?

The conference then divided into three parallel breakout groups to discuss the role of philanthropy in the evolving development ecosystem. The key themes to emerge from those discussions are reported below, beginning with analysis of what were seen as the comparative advantages of philanthropy, and moving on to an identification of the key barriers that need to be overcome for philanthropic and development actors to work together more effectively.

Module Three Breakout Session 1: The comparative advantages of philanthropy

Common themes to emerge from the discussions are compiled in Table 3.1.

One group had a detailed discussion of the sense of reciprocity that is inherent in philanthropy and how people often open their 'coin purses' even when they have very little. Philanthropy was therefore seen as distinctive because of the sense of satisfaction and efficacy afforded the giver as well as the recipient, with dignity creation on both sides.

Another group felt that philanthropy was distinctive by virtue of its lack of accountability. While government budgets, for example, were subject to public approval and private sector forces are accountable to shareholders, there were no corresponding mechanisms in philanthropy. A heated debate ensued, with others responding that while this might be the case, high levels of corruption in government systems often negated the processes of public accountability. It was argued that accountability was not necessarily any better in other systems of development work.

What was striking about the three parallel sessions was the high levels of agreement about what the competitive advantage of philanthropy could and should be. Regrettably there was also a high level of agreement that the practice of philanthropy frequently failed to live up to these ideals. Much more work needs to be done to fully exploit its potential, not only in getting development monies to where they need to be, but also in terms of facilitating societies so that they can better help themselves.

Table 3.1. Possible comparative advantages of philanthropy

Comparative advantages of philanthropy – brainstorming		
Highlighting, piloting, catalysing, being flexible	Agility	Empowering communities to set own agendas/empowering community voice
Philanthropy as development (re. the panel discussion)	Connecting people together	Broad overview of trends in a field (as various actors bring concepts to a donor to request funding)
Potential to take risk and freedom to fail	Building social solidarity	Luxury to dwell on big questions
Patience	Driven by passion	Massive grassroots
Stands outside of existing models and mindsets and can look at possibilities for reformulation	Effective ability to channel resources to 'have nots'	Philanthropy could be a good bridge between democracy and capitalism where government is not living up to its responsibilities
Ability to convene and connect voices that traditional development actors find difficult to bring together	Potential to invest in innovation	Long-term thinking and unconventional wisdom
Engage and actively support communities		

The groups then moved on to consider the obstacles that might need to be overcome for development and philanthropy actors to capitalise on their distinctive competencies and work better together. Key obstacles here were felt to include the following (these are collected observations from the groups rather than consensus statements).

- A lack of understanding on the part of some philanthropy actors of the critical issues in development, as well as the political/social/economic difficulties on the ground. A need was highlighted for greater sharing of experience and the exchange of learning between the two sets of actors.
- A gap in the knowledge of complementarities between the two sets of actors. Both were seen as having different agendas and priorities that obscured complementarity. There was therefore a further gap, in that the lack of awareness of what the complementarities might be made it impossible for the two sets of actors to work together in ways that could exploit these.
- Poor coordination and a lack of awareness of what other actors might be doing.
- Ideological divides inhibit mutual understanding.
- Different languages of measurement and metrics.
- Power differentials between philanthropists and NGOs. Philanthropists are not dependent on NGOs but the reverse is usually true, leading to difficulties over who sets and controls the agenda?
- Lack of institutionalised mechanisms for knowledge-sharing to facilitate sustainable problem-solving.
- Short timescales and project focus of many philanthropic actors. Short-termism means many want to see immediate, concrete results from investments.
- Inflexibility within institutional policies and procedures constraining collaboration (cross-sector, geographies).

- Gap between internal and external incentives/accountability (that is, everybody says collaboration is good but there are very few systemic incentives to do it and very few models to support it).
- Different accountability mechanisms, each with their own problems/challenges.
- Political agendas. International development reflects a clear grouping between international finance institutions (IFIs) vs ‘movements’ or community-led initiatives and the same applies to philanthropy where large foundations are felt to have a different agenda from smaller, more localised initiatives.
- Absence of strong networks and opportunity for both to talk to each other.
- Not valuing small and local giving effort as key in driving sustainability of development effort.
- Large philanthropic organisations are becoming more bureaucratic and becoming difficult to work with.
- Cultural differences. Western or Northern vs Eastern or Southern.

This list of obstacles was later grouped by the facilitation team to form the basis of possible discussion on day two. The three groupings and the major themes within each are presented in Table 3.2.

Table 3.2. Synthesis of obstacles to more effective cooperation and working

Lack of information-sharing	**Lack of complementarity**	**Gaps in understanding**
● Objectives ● Resources ● Data ● Metrics Inability to discover each other’s/not enough platforms Bridging ideological divides Data that maps where the partners are and where they might be (particularly in philanthropic sector)	● Organisations ● Funding mechanisms ● Visions/goals Unsophisticated understanding and management of risk Different needs and agendas of philanthropy and development actors Lack of openness and discussion	The gap between understanding primary constituents/beneficiaries and acting on what you hear Philanthropy too often far from need (too many layers, players, bureaucracy between philanthropy and needs of people)

Module Three Breakout Session 2: Critiques of philanthropy

As previously, the group worked in three parallel breakout sessions and began by brainstorming a series of critiques of philanthropy. These are summarised in Table 3.3.

All groups noted the short time it took them to brainstorm a lengthy list of critiques. In plenary this gave rise to the question that if everyone knows what the difficulties are: *why is no one addressing these questions?* No clear answers emerged to that question, but it was noted that philanthropic actors typically do not want to be coordinated and, for cultural reasons, frequently do not have the patience to take other than a short-term view.

> *We seem to be continually chasing the next big idea, then the next big idea. Things come into and then go out of vogue and we don’t seem to stick with anything quite long enough to achieve systemic change.*

We all know what the issues are, but often foundations are led by charismatic individuals who have a strong and very personal sense of where they want to go. If, [name supplied] returns from an international trip and says I want to do Sudan next, then it's the Sudan we're going to do.

Table 3.3. Critiques of philanthropy

Critiques of philanthropy – brainstorming		
Reinventing the wheel	Unaccountable	Self-centred
Too time-bound	Imposing agendas	Naïve
Western-centric	Opaque decision-making	Risk-averse
Value protection rather than creation	Failure to optimise assets (including networks)	Irrelevant
Politically illegitimate	Duplicated effort	Ideological
Not strategic, random	Uncoordinated	Not self-critical
Not working in some areas of huge need	Ivory tower and navel-gazing	Whimsical
Short-termism		

Sometimes foundations (and other actors) were seen as adopting a short-term and project-oriented focus because of the intense emphasis on measurable outcomes. There was also a lack of continuity; when one project comes to an end, it is replaced by another that may have a different focus, with a very different set of actors. It was felt that a short-term and project focus interferes with the ability to seriously engage with impacts that might be long-term, complex, and systemic.

It is knowing whether failure is really failure or whether success just hasn't happened yet. Teasing these apart from the things that just aren't working is tough.

If you start looking for successes too early you're in trouble. Better to produce milestones for the things that get you to that space.

There was also a discussion of the problems in and possible solutions for working on projects in a time-bound framework. It was reported that the Rockefeller Foundation had adopted an initiative structure that works in five to seven-year timeframes, after which the project is assessed and support refocused. This allows the Foundation to incorporate evaluation data into the ongoing iterations of its work and to plan for the sustainability of its interventions. From an early stage the organisation therefore works with its partners to produce a viable exit strategy, identifying new sources of revenue and other potential partners. Many participants felt that philanthropic actors needed to do much more in this regard, ensuring that their partners ultimately had the capacity to assure their own future and that their approach to development was therefore sustainable.

One group then focused specifically on the consequences of the critiques of philanthropy that were identified above. They identified four key themes.

1. Sub-optimal decision-making.
2. The adoption of a reactive rather than a proactive stance.

3. Decision-making driven by wanting to see short-term measurable returns, which as previously noted may not always be appropriate for development.
4. Not working with other key actors such as the state (for instance, building a school rather than supporting the state to enhance education) or markets.

The groups explored potential solutions to the issues highlighted above. The following recommendations were offered.

- Be clear with the partner community about the timescale from the start.
- Develop rigorous mechanisms to deal with exit.
- Create a greater level of dialogue between the actors. Greater openness in conversations was specifically highlighted as a requirement.
- Create a public domain for anonymous grantee feedback. (Decide the question together, promote transparency and develop smart mechanisms to allow the truth to surface.)
- Create open governance, checks and balances, and standards against which one may be publicly assessed.
- Challenge leadership within institutions to take a longer-term perspective.
- A greater need to harness the convening power of foundations was also highlighted – although one participant expressed the opposite view, namely that foundations should be prepared to listen to convenings of development actors, rather than always expecting to lead.
- Build local capacity for fundraising/management.
- Focus more on people and listen not only to their needs, but the manner in which they believe those needs should be met.
- ‘Disintermediation’ of the philanthropic architecture (that is, avoid intermediaries and set up systems where donors can give directly to beneficiaries).
- Philanthropic learning should be developed as a discipline.
- Being prepared to grow grassroots organisations and philanthropy.
- More outreach and collaboration from the philanthropic sectors towards government, civil society, markets and communities.
- Develop an international understanding of what the government can do to encourage philanthropy (such as an enabling legislative framework).
- A need to engage with the whole aid delivery system as part of the solution, rather than looking at philanthropy alone.
- Development of more absorptive capacity of receiving institutions for philanthropic funding.
- Move away from the needs of beneficiaries to a focus on their rights. The perception of beneficiaries is too often one of ‘victims’.
- The development of a genuine focus on the role of under-represented groups such as youth and women. One group felt that there was too much lip-service being paid to youth involvement and gender equality.

Module Three Breakout Session 3: Best practices for strengthening trust in philanthropy

The final session of day one of the third module focused on how philanthropic and development actors might work together to strengthen trust in philanthropy. Initially it was intended that the focus of this session be on sharing best practices that had been shown to achieve this goal, but two groups felt that it would be better to focus on ‘good’ practices rather than ‘best’ *per se*.

Again, a number of recommendations were offered.

Expand the role of grantees in philanthropic decision-making and governance

Expand the use of grantee surveys in order that grantees may offer feedback on the grant and their relationship with the donor. This information should be aggregated and published online so that pressure from peers can bring about change. This latter dimension was regarded as critical, since the provision of private feedback would be unlikely to galvanise action.

> *Are they really going to use this to change anything? Or is this a case of ‘us having our say and them having their way’?*

A key to creating change was seen as the creation of a ‘safe space’ where the staff involved in the projects could participate in the design of the evaluation and not be negatively impacted by the results. A culture of accepting criticism and a willingness to change was important. Staff should be made to feel that their careers hinge on their response to feedback, rather than the content of that feedback *per se*.

> *CARE did a three-year review of how it was performing for women’s empowerment… and because the process wasn’t punitive… it led to more ‘a-ha’ moments than I had ever seen previously.*

All groups articulated the need to be much more accepting of failure and to regard it as the acceptable price we pay for social innovation.

Maximise effective use of evaluation data and be clear about goals

The creation of additional performance data for its own sake aids no one. Despite increases in spending on evaluations, most of the data produced are misunderstood and/or underused. In addition to using evaluation data better to strengthen programmes and build relationships with communities, philanthropies should form partnerships with professional organisations to push information out through engagement with the media.

> *The whole sector should have the capacity to learn from the experiences of specific organisations, so it is important [to] convert data into something that gets attention from sector leadership.*

The ‘so what?’ question should also feed into the performance appraisals of relevant staff. If the development of trust is the goal, this should be at least one of the metrics against which senior management teams are assessed.

Only necessary data should be gathered and if required additional resources should be allocated to the recipient to support reporting and evaluation

Participants discussed the demands on grantees’ time created by monitoring and evaluation for the beneficiary organisation. Philanthropic actors in general were seen as needing to take greater account of the circumstances faced by development organisations, in particular small NGOs.

> *Understanding how an organisation functions is critical. To be effective you need to understand them and their problems.*

Close the communication loops between the funders and the ultimate beneficiaries

Whatever form of impact reporting might ultimately be adopted, the need to hear the voices of the beneficiaries was highlighted. While development agencies might mediate that process, it was considered essential that community and individual voices were heard by all in the value chain.

Hold 'Failure Fairs'

One group identified that it could be very helpful to establish events where perhaps 10–20 organisations were brought together to talk about their failures and the learning that might arise from these. Such events might require non-attributable 'Chatham House' rules to be effective, but it was felt that considerable learning might result.

Philanthropists should think through what criteria make an organisation trustworthy and publicise this so that other organisations are aware of them

Distinguish between interpersonal trust and institutional trust

One group had a detailed discussion of whether we trust people or organisations. There will be different drivers in each case and both have a role to play in improving the quality of the overall ecosystem. Continuity of personnel and policy enable programmes to develop sustainably. To a community, one staff person is often the 'face' of a funding organisation. That person needs the trust of the organisation and the community for the relationship to function well.

Trust can also be built from a change in emphasis from being 'done to' to 'being done with'

Considerable trust would result from not merely imposing external philanthropy, but actively encouraging and engaging with indigenous philanthropy and/or government.

Encourage greater collaborative working

Many participants felt that one way to develop trust would be to break down the traditional barriers that exist between organisations. Staff could be shared with or seconded to the partner organisation, and joint project or evaluation teams could be assembled.

Be clear about goals from the outset of a relationship and in particular the level of risk tolerance expected by and of both partners

All groups stressed the necessity of this.

Module Three Breakout Session 4: Strengthening collaboration

On day two, participants were asked to focus on one of the three ways in which the collaboration between development and philanthropic actors could be strengthened. Participants were able to select the topic in which they had the most interest. Each team spent the day fleshing out the barriers to achieving change, the factors that might enable that to happen and ultimately developing a plan to achieve it. In the review that follows the discussions of each group are summarised, together with their contribution to the closing plenary. To facilitate the grouping of related material, the responses to a selection of questions posed in the plenary are also integrated in each of three sections below.

Module Three Breakout Session 5: Gap between listening to constituents and acting on what you hear

Participants were initially asked to share examples of best practice in this domain. Two such examples are provided below for the purpose of illustration.

Example 1

The ASB Community Trust is a regional trust funding the Maori population and Pacific Island migrant population. These communities are characterised by high levels of alcohol abuse, crime and domestic violence.

- There are representatives from the populations serving on the Board.
- The Trust undertook a consultation process for two years, with a reference group made up of 'people with ideas'.
- During the process the Trust adopted formal traditional welcome ceremonies and ensured that it used the right language.
- It took a full year of meetings to build up trust.
- Proposals were then sought from the community for projects to fund.
- The Trust works in a way that enables people to bring dreams to them and it delivers on them in a respectful process. The Trust walks alongside the community for as long as it takes to achieve the desired outcomes.
- The Trust has learned other ways of tackling social problems and has found that sometimes it takes longer to work in a different way.
- Maoris now trust the Trust, but this took time to build. They debated long about whether they would engage with the Trust.
- The Board Chair is a well-respected Maori. Having leadership from the top has made a big difference. Maoris are a clear part of the decision-making process.
- Two forms of evaluations are taking place: a scribe records stories alongside more formal evaluations.
- This process was an organic one, rather than having a linear model and predetermined roadmap or theory of change. The community set up a process and supported it.

Example 2

Keystone Accountability has developed a methodology to gather feedback from the communities served by funders, philanthropic organisations and NGOs.

- Its strategy has been to work with people who have money to pay for an evaluation service, working with funders to pilot.
- It was decided to work with the biggest charity rating agency in world – Charity Navigator – who are building it into their new version of ratings. From 2012 US charities have to publish empirical feedback from the people they serve. If organisations do not want to lose their 4* status, they have to include these evaluations.
- The evaluation process consists of a survey phase, which is then triangulated with other data. The organisation then goes back to those who gave feedback – 'reporting in'. They say, 'This is what we heard and this is what we're thinking of doing'. Then they 'report out' saying, 'This is what we have achieved and what those we work with think we have achieved'.
- To work, it needs to be super-light touch and continuous.
- An independent third party works well so that anonymous feedback can be collected (or online tools can be used) so that those involved believe that the feedback they give is useful and anonymous. This is part of building trust.

- It really helps if this is done in a benchmarked way across organisations so the organisations feel they need to work harder to try to fix issues and improve their performance.

In reporting back to the plenary the group summarised their discussions around the enablers that emerged from their discussion of best practice. They began, though, by reformulating the issue it was their intention to resolve.

> *We will not solve the basic problem with poverty and inequality etc. unless and until the people who are experiencing these problems effectively participate in producing the solutions.*

In order to realise this they concluded that a number of enablers must be in place.

- Decision-makers/resource allocators must believe that this model is worth investing in.
- Internal barriers to this must be identified and addressed – attitudes, beliefs about poor people, risk tolerance.
- There is a general absence of convincing performance management systems. This needs to be remedied with, for instance, tools that accurately reflect community participation. Grantees may need assistance to develop these.
- It will be necessary to set a specific goal for the amount of resources to be devoted to this way of solving problems.
- It will be necessary to help articulate the implicit theory of change behind this idea and thus collect cases showing the effectiveness of the approach.
- Decision-makers must be brought into direct contact with these communities after trust has been developed.

The group also identified many actors who would need to be engaged in the process. These included the following.

- Funders: Board members, senior staff of foundations, programme officers of foundations
  - Primary constituents
  - People in the communities
  - Organisations in the communities
- Intermediaries
  - Outside facilitators to work with funders
  - Methodologists to assist constituents develop measures
  - Movement builders and social entrepreneurs
  - Others: As necessary to be drawn in as the model unfolds
- Resources
  - No need for new resources, but rather a more efficient allocation of resources
  - Restrictive grants – including for capacity-building so the required minimum is allocated to the model
  - Support for the facilitators
  - Funds to take decision-makers to visit communities
  - Infrastructure for support and training

In the plenary report-back session at the end of the day, this breakout group was asked why people who were not usually consulted in this way could be expected to trust the concept. The reply was that that the building of trust is a long-term process that would require patience to develop. It would flow naturally from longer-term relationships with communities as the utility of the approach was demonstrated.

The group was also asked why it was so hard for organisations to listen to voices and whether everyone is truly well placed to be listened to. One participant suggested that the selection of metrics would play a key role in resolving this and that organisations needed to focus on selecting metrics that capture people's participation. Another participant suggested that problems arise from the egos of senior management and an unwillingness of 'experts' to listen to what people want and have to say. Some participants felt that many experts do not see the poor as having enough information or capacity to engage in a meaningful process of advocacy.

It is certainly the case that clear articulation of agreed priorities by a community is not always a straightforward process.

> *One of the worst aberrations of the concept of participation is that you get the people to participate in the ideas you want to push forward.*

Module Three Breakout Session 6: Lack of information-sharing

This discussion began with a reformulation of the issue. The group felt that there was not a general lack of information and nor was there a lack of information-sharing. The critical issue for this team was a failure to make sense of and act on the data. The subsequent discussion therefore focused on that topic.

The group analysed the problem by considering the production of data; the aggregation of data; 'sense-making' from the data; and finally the use of data in informing decision-making.

Data production

The production of relevant data should be driven by the needs of the various actors, including the focal communities. Typically that might include data on performance, but it may also include, *inter alia*, data on intentions, the nature of the involvement of the key players.

Data on performance could be categorised as pertaining to efficiency (how well the resources are being used) and effectiveness (whether their use is having the desired impacts). It was noted that data would need to be collected in varying levels of detail for each target audience within the development ecosystem and that their needs would inevitably change over time.

> *Five years from now we don't want to be spending vast sums collecting info' no one else is using.*

It was also noted that for some audiences (for instances, communities and individual donors/philanthropists), rich, qualitative data or stories could be of immense value. It was further noted that if a switch in emphasis toward human wellbeing is to be achieved, pursuing a range of both 'hard' and 'soft' metrics would be essential.

While in many areas of development there was no perceived problem of a lack of data, the group did consider some aspects of the philanthropic environment where additional data would be valuable. There was a lack of data in respect of participation and 'movements' in philanthropy and this was particularly so in the global South. Data on giving behaviour, the psychology of giving and fundraising were lacking in all but a handful of countries.

It was also noted that in some cases the production of data or knowledge need not be divorced from their use. A trend was noted in facilitating one community to learn directly from another, with one participant explaining how slum dwellers from one country were able to view the 'upgrading' work taking place in the slums of another and to talk directly to the people that had made that a reality.

Data aggregation

To avoid duplication of effort it was felt that one or more actor should be identified within each component of the ecosystem who would take responsibility for the aggregation of data from various sources. It was noted that a number of aggregators were already in existence and that their role could simply be expanded. Aggregators should bundle data in parcels that reflected the needs of different actors or communities.

Data analysis/sense-making

The interpretation of data could be undertaken either by the aggregator or by the users of the data, as appropriate. The group emphasised the necessity of having experts undertake the analysis, however, so that erroneous conclusions were not drawn.

> *One of the challenges in reporting the performance of development organisations in delivering the wellbeing agenda will be beating third parties to the interpretation of that data and developing our own standards in respect of what is, or what is not, acceptable and desirable performance.*

Allied to this, participants noted that simply generating information would not in itself be helpful for many development actors. While foundations may be perfectly able to interpret data concerning wellbeing, individual donors will not be so well placed. A programme of education would therefore be necessary to inform this audience not only about what is being achieved, but what that achievement represents.

Participants also noted that in interpreting data and presenting data in a usable form, it may be increasingly necessary to consider a range of non-traditional formats. In an age where microblogging sites are increasingly popular, individuals are much less likely to read formal management reports. Information is increasingly being digested in bite-sized chunks and in languages other than English.

The group then turned its attention to where it felt the philanthropic sector needed to be in five years.

- There will be places/sources we will be confident to go to for information.
- There will be increased demand for timely and quality information by external and internal decision-makers and influencers.
- There will be no duplication of effort.
- There will be a standard information stream of the perception of our impact by our constituents.
- Knowledge will be used as the basis for education, advocacy and mobilising.
- The public are aware of and understand a common range of metrics.
- Constituents see knowledge as delivering desired change in the development system.
- People take better decisions in respect of their philanthropy and the vehicles for that philanthropy.

In plenary, participants concluded that we need to begin by thinking through what we as consumers of knowledge really need. That needs to happen collectively at the level of foundations and development partners. Is it just evaluative or impact outcome evaluation that needs to be shared? Decisions then need to be taken about the network within which the information will be shared. The purpose of collaboration in the generation and dissemination of knowledge should be to support each other in order to grow collective capacity.

Discussion also highlighted the fact that to get new philanthropic organisations on board, there will be a need to present motivational information and less technocratic information. Being equipped with academic and research information in respect of why people give, was perceived to be helpful in framing this requirement.

In the plenary report-back session the breakout group was asked whether it had discussed the politics of knowledge and how the ‘voice from below’ manages to be raised and contributes to knowledge. The group replied that a critical goal of data collection should be to hold people to account and that this accountability must also be to the communities we serve.

The group was also asked if it had considered the barriers to information-sharing. It responded that the ecosystem as a whole needed to respond to that challenge, sharing responsibility for performance and the measurement of that performance. The sector as a whole also needed to become more comfortable with failure so that individuals were more willing to engage in that process of sharing.

Module Three Breakout Session 7: Lack of complementarity

Two groups discussed the issue of the lack of complementarity. They began by discussing a range of issues giving rise to this problem. A selection of these issues is briefly summarised below.

- Some people come into philanthropy because of social issues they observe around them without necessarily having an understanding of how this state of affairs has come about. Philanthropy was seen as having a tendency to be more practically oriented rather than reflecting on the underlying causes of a problem.
- Many philanthropists do not recognise their potential to take risks in their work. Indeed many philanthropic actors are risk-averse. A greater understanding must be shared across the sector of who should be willing to take what risks.
- Philanthropy is driven in part by a belief that things could be done better. For too many agencies, by contrast, their primary goal is survival, rather than effective collaboration to achieve that reality. A need was articulated to break that culture by understanding why people act in the way that they do, and helping to move towards more positive patterns of interaction.
- The group articulated a desire that perhaps 10 per cent of funding should be held back and allocated to high-risk projects, or ‘leaps of faith’. They discussed the desirability of defining what would be meant by ‘leaps of faith’.
- The group also reflected the concerns of previous discussions that the voices of communities should be heard in the implementation of philanthropy and that communities and people should participate in producing solutions.

In plenary the two groups presented their ideas for overcoming the lack of complementarity and the system each had designed to ensure that this would be the case. Each group chose to articulate the system they had developed through the vehicle of a particular development problem. One group examined an urban issue while the other focused on a rural issue.

Group on complementarity in the urban development ecosystem

This group defined its problem as livelihoods in transition (for instance, India, Brazil), describing the movement of young people out of traditional agricultural communities and into rural areas. This, it was felt, had given rise to a number of problems.

- A growing informality of jobs in urban areas.
- Insufficient growth in manufacturing to accommodate a growing workforce.
- A growth in poorly regulated service industry jobs.
- Lack of youth employment opportunities.
- Lack of capital investment in supporting infrastructure.
- Lack of support for entrepreneurial and local income-generating projects.
- The generation of government and company policies that support some livelihoods but harm others.

The group then examined how to address these problems.

- Build rural and urban enterprise connections for women and men.
- Create appropriate institutions, such as producer companies, cooperatives, sources of finance and markets.
- Teach youth about marketing channels and technology and build their skills.
- Reform policy to provide farm-gate distribution choices (to support those individuals who want to stay in rural communities).
- Investment in technology – for instance, IT, marketing.
- Support the informal work equivalent of trade unions to provide voice and safety and rights.
- Identify and fill the white space of urban livelihoods and what is needed for informal workers – for instance, employment services and training.
- Develop civic education dealing with red tape and corruption.

The group then focused on the actors that might be involved in implementing this solution. The complex network they identified is reproduced in the exhibit below (Figure 3.1).

The group then examined how best to broker this diverse ecosystem of actors. To do this the group imagined that they were a group of like-minded, Indian philanthropists who agreed on the problem definition and how to address it over a timeframe of five years.

They agreed that a group of philanthropists would need to do the following.

Figure 3.1. Map of possible actors for improving effectiveness in the urban system

- Identify researchers who provide data/analysis.
- Reach out to NGOs and trusted networks that have credibility with youth, who can convene them, map their needs and identify local resources.
- Map philanthropic and other potential support.
- Talk to employers and entrepreneurs about market demand (especially in terms of youth livelihoods).
- Consult with city planners and municipal governments and ask them to invest in planned activities.
- Ask foundations for funding for each of the steps above (local) as well as training on Principles for Responsible Investment and programmatic activities (international and local foundations). These organisations should provide flexible risk capital and share promising practices.
- Ask foundations to fund pilots and start-ups.
- Ask impact investors to invest in youth enterprises and/or start-ups.
- Ask foundations to convene and bridge suspicion between trade unions and impact investors.
- Ask government to provide incentives and short-term subsidies (such as enterprise zones).
- Invite development banks to come in with guarantees, bigger investment amounts, leverage and scale. Ask them to influence the local authorities and, again, promote the exchange of promising practices.
- Work with ILO and UN-HABITAT – introduce labour practices and standards, share promising practices.

Finally the group examined what success might look like in 2016 in India and Brazil.

- The creation of an ongoing network to support urban youth livelihoods including youth groups, NGOs, governments, philanthropy, employers and investors at the city level.
- A shared vision with clarity of roles and respective contributions.
- The establishment of communication platforms.
- Increased investment in enterprises.
- City planning and business promotion strategies incorporate youth employment strategies.
- Enterprises created through this process exhibit a low mortality rate and are sustainable.
- The jobs in these enterprises, formal or informal, are not exploitative and provide dignity and security.
- Policy changes that improve youth urban livelihood activities and enable programme success.
- The expansion and adoption of this approach in more cities in India, Brazil and beyond.

In plenary the group was asked whether foundations should invest in reducing the trend of young people leaving their rural communities. One participant replied that many programmes have shown that you cannot force people to stay in rural areas and that if we want to listen to the voices of the youth we need to see how we can improve their livelihoods in the cities. Other group members also stressed this need for choice and perhaps the need to create additional choices that might enable young people to stay. Capacity-building might prove possible in either location.

Group on complementarity in the rural development ecosystem

The second group decided to work on a fictional case study of how best it might support small farmers in Indonesia through the creation of a fund. It began by identifying relevant actors.

- Farmers (associations, cooperatives)
- Investors
- People who might be displaced
- Certification providers (of produce)
- Government, district leaders, local legislators, national ministries, President's office
- 'Collateral' industries in the emerging value chain
- Faith-based organisations
- International NGOS
- Local NGOs, CBOs
- National foundations
- Community foundations
- Buyers
- Media
- Collateral industries in the emerging value chain
- World Bank
- Bilaterals
- International foundations

The group then considered how to map the various actors, and how and when each should get involved. It decided that the following issues were paramount.

Deciding on an appropriate convening power What should the criteria be to act as a facilitator? It should be an 'honest broker', respecting the difference between 'ownership' and 'leadership'.

Mapping A mapping of the needs, interests and opportunities of the major actors should be conducted.

An integrated process Thinking through the goals, governance model and agenda. How do you create a process that does not focus too much on consensus or compromise, but manages to integrate different views? For this point it is crucial to be clear about the agenda everyone has.

'Check-in' points set to determine whether to continue on the next step

A time-bound process All parties should be clear on the time horizon, which must be realistic for the stated goals.

Overarching themes to be considered These should include leadership, decision-makers, stakeholders, capacity-building, trust, commitment-building, added value of everyone.

The closing discussion focused on the difference between the model presented and that presented by the earlier group. One participant noted that in both examples it was clear that substantive time would be required to generate a meaningful impact. That was perhaps something that all actors needed to be cognisant of going forward.

MODULE FOUR

Synthesis and closing

The purpose of the fourth and closing module was to identify key messages and to develop a plan of action for moving forward, including both specific initiatives and broader frameworks. It began by reviewing the whole range of Bellagio Initiative inputs and the key messages from the preceding three modules. Participants, some of whom had participated in previous modules, were then asked to reflect on the earlier discussions, either highlighting what stood out for them or what had been overlooked.

MODULE FOUR: Synthesis and closing

SUMMARY

The synthesis and closing discussions sought to take up themes and proposals for further action that had emerged in the preceding three modules. Discussions also briefly reviewed what issues had not received adequate attention at the Summit. From these discussions six priority challenge areas were identified.

1. *Power, politics and values*
2. *Bringing innovative ideas to scale*
3. *Space for the unplanned and managing risk*
4. *Financial issues*
5. *Trust*
6. *Capacity-building*

A final panel discussed how to translate these impulses into practical action. The Summit concluded with final comments from participants and a commitment by the sponsoring organisations to work further on implementation of key ideas.

Highlights from the participants' observations about topics that had been overlooked in modules one to three are presented below.

- Nature/environment and indigenous representation, which is important because development often overlooks environmental issues, but a wellbeing framework brings them in;.
- The role of civil society in promoting human wellbeing.
- Islam and other religious traditions in relation to wellbeing.
- Power – at some point we have to confront the power structure in order to have a transformative effect.
- The role of diasporas in promoting wellbeing.
- A need to match people and empowerment themes with notions of measurement: we can only act on our commitment to empowerment if we actually measure and can demonstrate change.
- Leadership – solutions often lie in good leadership and good governance as much as in technological change.

Module Four Panel: Priority challenges

The module began with a review of key messages from modules one to three. The discussions in the opening plenary of Module Four identified the following topics for discussion in breakout sessions.

- Power, politics and values
- Bringing innovative ideas to scale
- Managing risk
- Financial issues

- Trust
- Capacity-building

The breakout groups were asked to focus on identifying solutions and specific follow-up actions after the end of the Summit.

Module Four Breakout Session 1: Power, politics and values

There was considerable difference of opinion among the participants throughout the Bellagio Summit on the relative merits of the state or market to deliver effective development outcomes. Various groups and panellists observed that social change comes through movements (more often through diffuse networks rather than from civil society organisations or formal institutional change) but development interventions are usually unable to anticipate, let alone engage with, these social and political dynamics. There was a strong rhetoric around bringing the ‘voices of the poor’ into decision-making processes, and panellists highlighted the importance of development efforts becoming more demand-driven, yet this has not been effectively embedded in mainstream practice. Most of the Global Dialogues raised the need for engaging youth on leadership issues, while the Accra Dialogue on New Emerging Markets and the Delhi Dialogue on BRICs additionally highlighted the need for youth involvement in philanthropy. In addition, the growth of the middle class in countries around the world was seen to be a potential ‘game-changer’. This class could be more strategically involved with international development and the needs of poorer communities. More generally, Bellagio Summit participants stressed the need for a smarter political analysis, taking into account new players and shifting values. In all of these cases, ideological divides frequently keep important actors from collaborating in ways that would more effectively address wellbeing.

KEY CHALLENGE:

Given the diversity of opinion over how to bring about positive change, how can common values be used to construct bridges across social and political divides? And what might the next steps be in creating these bridges?

After an initial brainstorming exercise, participants narrowed their discussion to two emerging themes.

- How can a shared platform around values be created?
- How do you challenge the existing power dynamics?
- How much compromise is acceptable?

Two groups examined the issue of power, politics and values.

Group One

This group spent considerable time exploring the different ideologies and values within organisations. It saw the differences in ideologies and values among development and philanthropic actors at the community levels as a challenge that needed to be focused on in order to channel the discussion in a meaningful way and to explore potential action steps.

Focused challenge

What is the role of philanthropic organisations in addressing power dynamics?

Potential solutions

While recognising that power is a reality in all social settings, and that not all power dynamics are necessarily negative forces since power can also have an enabling and empowering function, discussion initially centred on how philanthropic organisations might be better positioned to address, through collective action, power dynamics that hindered development and wellbeing, as well as providing support to organisations operating independently. The discussion focused on:

- Whether an umbrella organisation or a network of organisations would be useful. This, in turn, raised questions about what the role of such an organisation would be (a convening role?), what level it would operate at, what kind of recognition it required and from whom? Can risk capital be provided to capitalise on politics that change power dynamics?
- Participants' recognition that all philanthropic organisations needed to invest time into understanding the power dynamics and the context before getting into action, and that resources and space needed to be committed to this.
- Ensuring a people-centred approach that creates space and opportunities for people's engagement and to give voice. But the group questioned what the right approach would be here. Is it possible to create a neutral space where interests can be reframed and shared without making people (with or without voice/power) feel threatened? There is a need to empower citizens to own the process and take responsibility to address power dynamics. What about the barriers of language, communication and ideology?

Commitments

- Foundations should invest time in understanding power dynamics and commit resources to this.
- Work with partners to use relevant platforms for understanding power dynamics as this adds legitimacy and builds capacity.
- Empower citizens to own the process and take responsibility to address the topic.
- Explore the role of the media to help us communicate in a clear way among ourselves, and also to other audiences.

Group Two

This group, which was also examining the 'power, politics and values' theme, focused on the challenge posed by power relations that have an adverse effect on wellbeing.

Focused challenge

How to analyse and, where possible, challenge the power structures that are implicated in negative human wellbeing outcomes (hunger, ill health, marginalisation, indignity).

Potential solutions

- Taking risks as catalysts for change.
- Best practices for analysing and changing power structures.

Commitments

- Taking stock of how philanthropists use evaluation and how this is linked to accountability. How are data being used?
- Use existing philanthropic convening spaces for greater discussion of politics, power, and values. Examples of such convening spaces include the European Foundation Centre, The

Worldwide Initiatives for Grantmaker Support, Development Studies Association, Commonwealth Parliamentary Association, Council on Foundations.

- Exploring whether there is already a philanthropic code of conduct and, if not, developing one.
- Sharing between philanthropic organisations and networks knowledge of processes and tools for assessing power dynamics, as well as toolkits for analysing power structures and methodologies for challenging them – such as the Power Cube www.powercube.net.
- Exploring (between philanthropy and development organisations) positive shared values for development.

Additional reflections included: the need to recognise that sometimes there are groups on the ground already challenging power dynamics that can be supported by philanthropic organisations; the need to elicit more from the bottom up and to examine what the issues are that people experience and how these relate to power dynamics and contextual analyses; and finally, the need to ensure that evaluations are designed in ways that address key questions about power, people and politics.

Module Four Breakout Session 2: Bringing innovative ideas to scale

There are many, many innovations responding to different perceived needs, but few find funding to support broader impact and/or reach broader uptake. Social innovations such as the community mapping of slums, financial innovations such as M-PESA and technical innovations such as the adjustable glasses developed by Adlens (as featured by James Chen at the Summit) all move through processes of innovation to scale up. Four stages were identified by the groups.

1. Innovation
2. Testing and piloting the innovations
3. Developing 'finished products or processes'
4. Scaling up

A strong message from the 'voice' groups at the Bellagio Summit and from the Global Dialogues was to work with what already exists and not to impose solutions from the outside.

KEY CHALLENGE:

What do we need to do next to build effective institutional mechanisms and collaborations for spotting existing innovations and supporting them to scale up?

Exploring how best to bring innovative ideas to scale, the group started by thinking about how little is known about innovations that are important to people and about how innovation is connected to human wellbeing.

Participants agreed that more innovation is good for philanthropists and for organisations on the ground, and that this can lead to greater human wellbeing. They then asked how a culture of innovation can be created. Also, what kinds of innovation are significant? The group distinguished between different forms of innovation – technological, financial and social – and decided to focus discussion around the innovation process, particularly the role of various actors within the development ecosystem in promoting and scaling innovation. The group assumed that many innovations are already happening and that new ideas are being generated, but that these are not being taken to a larger scale. Instead, innovations were experiencing a 'Death Valley'. This 'Death Valley' concept represents the gap between the point at which an idea is proven technically viable and the stage when venture capital supports the idea and takes it to scale. Given this, how can innovations be identified and supported? In addition, the group raised the question of how the social impacts of innovation can be measured.

Focused challenges

- Identifying a clear matrix for measuring success or failure of innovation and focusing particularly on people-centred innovations and pro-poor innovation value chains.
- How to find innovations already happening on the ground?

  This involved a recognition that not all innovations necessarily have to start from scratch. There have been many experiences of innovation across different sectors and countries that could assist in identifying and developing innovations. If knowledge-sharing of failures as well as successes can be achieved, then learning can take place and innovation need not start from scratch. While it is important to create knowledge-sharing about failures, failure does not always look the same and we do not always know (or agree) why some things fail. Therefore it is not just the innovation that matters: How do we create an enabling environment in which innovations can work while recognising the importance of context, and how do we share context-sensitive knowledge about drivers of innovation?

Possible solutions

- The establishment of an Innovation Fund to allow space for failure. Participants argued that organisations need a space to try out innovations without fear of failure. This would require both space in which to fail and the proper documentation of failure.
- Prizes to encourage innovation and to generate interesting ideas from a broad and unexpected audience.
- Develop a 'matchmaking' concept that seeks to bring innovators together with potential funders, using technology to democratise the process and trying to address the 'Death Valley' gap.
- A human wellbeing 'hothouse' that brings together a fresh group of people to brainstorm specific social problems and issues from a technological perspective.

Commitments

1. Rockefeller will explore the innovation 'matchmaking' concept.
2. BRAC's approach and innovation fund will be shared with participants.

Module Four Breakout Session 3: Managing risk

The work in Module One of the Summit on rethinking development processes emphasised the importance of taking risks and investing in long-term programmes where short-term outcomes were not sufficient. Groups in Module Three asserted that although the ability to take risks was theoretically part of the comparative advantage of philanthropies, in reality, like development organisations, most philanthropic organisations were risk-averse. Foundations and development agencies should better understand their tolerance for risk and develop portfolios of grants/projects with different risk profiles.

KEY CHALLENGES:

How can space be created within development and philanthropic programmes for riskier initiatives with uncertain outcomes?

How can the drivers that mitigate against this be managed?

In this breakout session participants first identified five major categories of risk challenges: (1) *conceptual challenges* (such as the willingness to invest, short-term project orientations, the fear of failure and fear of looking bad, and balancing risks with opportunities); (2) *management and toolbox challenges* that enable people to see the situation differently (including better ways of doing assessments that enable high-risk investments, evaluating risk at the strategic and portfolio level rather than at the project level, tools that can assess the hard-to-measure aspects of wellbeing, the need for quick results or for a checklist that assesses a broader array of risks and opportunities); (3) *platform challenges* that engage people and allow for a sharing of experiences; (4) *enabling and legislative challenges*; and, finally, (5) *institutional challenges*.

In general, solutions might include budgeting more for risks, developing frameworks that allow projects (or entire organisations) to fail and to accept their failures. Also, this would be assisted by making sure that there is some sort of accepted approach to looking at failure, finding new forms of evaluation that take learning into account. Solutions also require networking across various sectors, changes in organisational culture (which might include better documenting, more bottom-up anthropological understandings, different forms of resource provision, and new forms of engagement). In some instances, time-bound grants influence the nature of risk and of evaluation, with feedback being imminent or with the need to achieve certain milestones. This might involve approaching risk as a process of continuous learning, periodically looking back and reflecting. Discussion also centred round the need to define risk – and to recognise areas where risk might be unacceptable (such as in health).

This breakout session then divided into three groups to examine the different identified challenges, to explore potential solutions and to make commitments.

Group One: ‘BIG’

This group focused on big ambitions, big fears and the need for big resources.

Challenges

- A lack of willingness to invest in certain things, such as emergent processes, bold ambitious work, being people-orientated and in longer-term initiatives and processes.
- Big fears of failures allied with a need to look good, and (given this tendency) not to take risks.
- Lack of a common language to support risk management or assess risk and no scope for the prioritisation of the upside of risk.
- Individual grant processing is highly risk-averse and is not embedded within a broad strategy that embraces risk.

Solutions

- Greater resource allocation to address the above challenges by investing in individuals and organisations rather than projects. This involves betting that the organisation will promise and carry out a range of good things not initially identified.
- More open-ended, long-term investments where thought has been dedicated to how things might evolve over long periods of time, combined with a robust theory of change.

- A focus on the upside and value creation of risk management that identifies and shows how risk-taking has led to significant positive outcomes. This involves turning around questions about what could go wrong and developing a culture that accepts and learns from failure through reporting back on case studies. This focus on positive outcomes is coupled with investing money to look back over higher-risk investments and to understand what went well and why.

Commitments

1. Create communities of excellence to bring more people into this process.
2. Get commitments from philanthropy to support the above solutions (for example, resource allocation, rule changes, incentives to staff to do things differently, reformulation of budgets).

Group Two: 'Evaluation'

This group built on the notion that we need more resources for doing more open-ended, unplanned and longer-term activities.

Challenge

Recognising that methods of evaluation have a major impact on what is done and the outcome, there is a need for:

- Methods of assessment that are more suitable to unpredictable and high-risk activities, processes and programmes;
- Tools that get at aspects of human wellbeing that are hard to measure;
- Methods that involve a wider array of constituents/stakeholders.

Solutions

- Appropriate systems of value assessment should be organised around iterative assessment, continuous learning, real-time data and analysis, and locally generated data/indicators/milestones.
- Public reporting.
- There are methodologies that can meet this challenge:
  - Action Research;
  - Outcome Mapping;
  - Constituency Voice.

Commitments

1. Organisations invest in and use the methodologies proposed as solutions (see above).
2. Organisations advocate the strength and robustness of this approach to evidence-gathering and assessment.
3. Integrate these approaches into a set of standards for philanthropic and development organisations.

Group Three: Enabling environment

This group focused on particularly challenging circumstances in emerging economies.

Challenges

- In emerging economies where legislation is oppressive or confusing, there is a need to support multi-stakeholder networks to push for improvements in laws in order to reduce risk aversion.
- In OECD countries, including the US and the UK, there is a need to re-examine laws constraining philanthropic support for good development organisations (for instance, the laws aimed at preventing terrorist organising also impact negatively on civil society).
- The need to raise regulatory challenges in the G20 financial inclusion group.

Solutions

- Use platforms for institutional changes on risk tolerance (and explore the way different kinds of philanthropies operate – for example Northern philanthropies, which are assumed to have older givers, and Southern philanthropies, which are assumed to have younger givers).
- Stimulate and feed the appetite for exchange and learning on managing risk beyond individual organisations.
- Consider greater pooling of resources and risk–sharing, including between Northern and Southern philanthropic organisations.
- Have open debates on risk tolerance.

Commitments

1. The European Center for Not-for-Profit Law could be involved with improving the legal and regulatory environment.
2. WINGS can support these platforms for communication, sharing and networking on risk management.

Module Four Breakout Session 4: Financial issues

The Global Dialogue on Governance and Regulation highlighted the failure of financial regulation, generating mistrust of private funds. The Global Dialogue on People on the Move highlighted the ways in which immigration and other policies impact on remittances. The challenge of decreasing official development assistance (ODA) resources from OECD countries is leading to the recognition that new resources must be harnessed for development and the promotion of human wellbeing. Across the two finance breakout groups at the Bellagio Summit, a range of opportunities were highlighted: tax breaks and incentives for impactful enterprises; impact investing; social impact bonds; new sources of public financing for development; and increasing wealth and philanthropy in emerging countries (including sovereign wealth funds, diaspora bonds and remittances).

KEY CHALLENGES:

What steps are needed to create an enabling environment for raising new financial resources for development and the promotion of human wellbeing?

How can philanthropic organisations and development organisations work together to better leverage these new resources?

This breakout group began by reframing the challenge.

Reframed challenge

If development assistance budget levels stay stagnant, what can philanthropic and development organisations do to catalyse, leverage and attract new financing sources for development?

Context

There is increasing activity around advocacy, with influential philanthropic organisations advocating at the highest levels for traditional and new forms of finance. There are also new sources of philanthropy. There is increasing advocacy around sources of potential assets for development (for example, financial transaction tax, tax revenue from natural resources, sale of mutually owned assets, debt swaps). At the same time, there is a big culture gap between impact investors, development players and philanthropic organisations, so a first stage would be to develop understanding of what each other is doing or trying to do. Philanthropic and development organisations have tended to be more involved in lobbying on trade and in macroeconomic policy, than in exploring innovative forms of taxation and revenue generation by governments, or expending energy in being aware of 'who is doing what' and coordinating activities. There is some sign that this is changing, for example with coalitions in recent years on such issues as international debt, landmines, and international trade.

Characteristics of an enabling environment

- Philanthropies putting funds into the pilot phase of innovations. Philanthropy taking the risk of early-stage investments – linking investors early to innovations in development.
- Philanthropic organisations advocating for public policies that support and tap into both traditional and new forms of finance.
- Potential success of philanthropic assets – the conversion of mutually owned assets into mutually private/public assets.
- Creating a platform for discussion and support between international and domestic philanthropy in terms of:
  - Reducing the cost of remittances and support for low-cost housing;
  - Creating tax breaks for remittances or making existing mechanisms easier and cheaper. Advocacy and platform creation in this area;
  - Expansion of community foundations in developing countries to channel remittances.
- Exchange of information and debate between philanthropy and development fields regarding investing.
- Investing in reporting standards and measurement as well as other public goods.
- Better understanding and clarifying comparative advantage of philanthropy and development fields.
- Creating an aggregator network for development projects for investment to create greater transparency and reduce transaction costs.
- Social stock exchanges to create liquidity.
- Philanthropy and development agencies exploring and embracing risk.
- Supporting local bank initiatives to lend to social enterprises through mechanisms like guarantee funds.
- Adapted financial products, such as debt swaps.

- Using philanthropic endowment corpus for loan guarantees.
- Philanthropy and development assistance have a role in helping establish a better tax base in-country.
- Philanthropy gets more involved in macroeconomic policies and trade.
- Improving mechanisms or percentage of diaspora giving for social impact.

Solutions

- Impact investing – philanthropies can continue to support public goods development as well as the pilot/incubation stage of enterprises in order to create investment-ready systems.
- Philanthropic organisations can also continue to invest in financial standards and support the measurement of the social impact side of impact investing.
- There is work to be done in terms of the infrastructure for impact investing, especially the development of social stock exchanges.
- Philanthropy can play a key role in sourcing and aggregating good ideas and development innovations for investment (matchmaking/technical assistance).
- Social impact bonds are primarily focused on domestic social issues and have not been applied to international development, but may be soon. A philanthropic organisation could explore implementation in an international context.
- Philanthropic organisations can expand on successful pilots in lending to social enterprises, guaranteeing funds to help local banks lend to poor people for social enterprises. When this has been done in the past it has been very successful, enabling the enterprise to develop a track record, while the guaranteed funds are seldom drawn upon.
- Philanthropy and development organisations can explore risk-pooling as a means to share risk. Philanthropic organisations might support the development of this by making funds available.
- Philanthropic organisations can work with governments to increase the local tax base and to make the mechanics of remittances easier. These organisations can also support diaspora giving, by devoting more to social causes and by establishing community foundations.

Commitments

1. Further explore the role of diaspora giving through parliamentary contacts.
2. Help strengthen the tax base in specific countries.
3. Help bridge educational and information gaps between the philanthropy and development sectors with regard to new investment and financial sources for development.
4. Develop a matchmaking bridge between investors and development value chain organisations (to help fund innovations and the innovation value chain).
5. Create a guide for working your way through development finance.
6. Examine the relationships between innovation, assessment and investors and raise awareness through publications.
7. Ask the Council on Foundations to explore the establishment of community foundations.

Module Four Breakout Session 5: Trust

It is difficult to raise funds and design successful interventions for human wellbeing and international development because there is a considerable lack of trust between the different players: donors, taxpayers, philanthropic organisations, development organisations, grassroots organisations and communities. The Global Dialogues on the BRICS and Middle-income Countries highlighted that one of the primary barriers preventing private philanthropists from supporting development work is the lack of trust in local civil society organisations. Breakout groups at the Bellagio Summit emphasised the need for better monitoring and evaluation, accountability and transparency processes (which include tracking money flows from natural resource royalties, etc.) as a starting point for trust-building. Communities, clients and 'beneficiaries' often do not trust what they see as the 'development industry'. There are high levels of distrust in different combinations between the private sector, philanthropists, civil society and the public sector. If, as identified, there is a need for greater collaboration between these sectors then the issue of trust needs to be addressed.

KEY CHALLENGE:

How can we systematically embed processes into wellbeing programmes that create trust between sectors, and between institutions and people?

This breakout session began with a discussion around the predictability of mutual wellbeing and the different ideas that both build and threaten trust and good working relationships (including genuineness, empathy, transparency, communication failure, overpromising, and investing in people and relationships). There was discussion about how trust offers predictability when trouble arises and about knowing how organisations, people on the ground and grantees are going to respond. Also recognised was the need to generate trust throughout the chain from grant-giver to service delivery organisation to communities and people on the ground.

Relationships between grant-makers and service providers at the grant-allocation stage often lack the clarity and predictability needed to establish trust. It is important to clarify the outcomes expected. The alignment of grant-makers' and service providers' strategies should be examined. There needs to be a mutual understanding of risks and ways of checking that no harm is being done. There needs to be a learning plan that sets some learning objectives. Part of the value of this is in knowing what kinds of failure might be acceptable and expected and being clear about what forms of failure are unacceptable. There should be clarity on public transparency, detailing what becomes public and when, and a plan set in motion to achieve this. And finally, there is a need to anticipate unintended consequences.

Grant-makers need to articulate an exit plan right at the beginning. This could be exhausting and time-intensive and grant-makers need to recognise the time commitments involved in this. They need management mechanisms that help them as they go forward to know where to put their energies. It is necessary to maintain clarity and engage in ongoing conversations on the process, but remain aware of other funding processes and externalities that also affect the quality of trust.

The aim of these discussions was to create a framework for the building and increasing of trust.

A framework for trust-building must include:

- Clarity about desired outcomes;
- Alignment of strategies/missions of partners;
- Mutual understanding of comfort with failure/risk ('do no harm');
- Clarity about the definition of failure;

- Learning plans for both success and failure;
- Clarity in respect of public transparency: what to share, when and how widely?;
- Contingency plans: being able to cope with unintended consequences;
- Sustainability analysis and having an exit strategy;
- Process clarity;
- Transparency about resources (public as well as private);
- Building and maintaining feedback loops;
- Embedding mutual respect;
- Getting the correct balance between control and trust.

Commitment

1. Develop these ideas into a tool for building trust, working with the Council of Foundations, WINGS and Rockefeller.

Module Four Breakout Session 6: Capacity-building

There are major challenges to delivering capacity development at scale. Among other things, institutions need to embed in all their work: monitoring, evaluation and continuous learning systems, and effective processes for engaging with the voices of the poor and most vulnerable. Many of the skills and much of the knowledge necessary for development organisations and private philanthropies to achieve sustainability are lacking. Fundraising, communication and advocacy skills are a particular focus. There may be a role for the foundation sector to fund the development and dissemination of a strong knowledge base. The notion that development organisations should routinely be 'one grant away from extinction' is a serious barrier to long-term sustainable capacity development. Many participants in Module Three of the Bellagio Summit felt that foundations need to develop a mix of short-term and long-term grants to better support capacity-building in their NGO partners.

KEY CHALLENGE:

How can we build the infrastructure across institutions for capacity development on the scale that is needed? What are the next steps?

This breakout group began by reflecting firstly on what exists and asking about latent capacity. An organisation should be able to positively tap into capacity at all levels – as is the case in the Kaizen model, which guarantees no redundancies if people can identify better ways of working. This means that everyone recognises that they are part of the capacity-building of the organisation. However, the group also reflected on the contexts that its participants usually operate in and the difficulty of sharing ownership with a recipient partner, recognising that the organisation that has resources needs to establish the values that allow ownership to be shared. Group participants felt that it is therefore important to set out a joint framework for achieving the objectives agreed between partners. This is a process of setting out a course of action which, as a result of the process of setting out, partners are more likely to achieve. It may also be necessary to bring in third-party collaborators with specialist skills such as auditing or to provide technical expertise. Such a framework, or clearing house for capacity development, needs to deliver in terms of sharing the system to ensure accountability and transparency, yet also respect the external checks that sharing provides.

The group began by identifying the challenges to capacity-building issues and appropriate solutions and then further developed this into the typology that is elaborated in Table 4.1.

Table 4.1. Challenges and solutions for capacity-building

Challenge	**Solutions**
Detachment from the issues on the ground (focus on logos and egos)	Monitoring and evaluation and knowledge-sharing (also inter-organisational sharing with like-minded institutions)
Capacity-building of NGOs	Pull resources from various stakeholders (from local governments to international donors)
Capacity-building within philanthropy: gaps of capacity between different types of foundations (esp. big Northern ones as compared to those in emerging countries)	Trainings for philanthropists (more hands-on – courses on philanthropic institutions are mostly academic)
Lack of tools	
Changing mindsets, rather than ‘quick’ outcomes	
We haven’t spent enough time on evaluating the effectiveness of capacity-building efforts	Develop better impact measures of capacity-building programmes
Lack of resilient organisations (across all sectors) which can cope and adapt to changes	Invest in organisations and assess the impacts of this investment properly
Investment by foundations needs to be more strategic	A specific budget for advocacy and information-sharing
Poor performance of all actors in the organisational chain (from volunteers to CEOs)	More training of staff
Knowing what you need (from the perspective of a public official in a developing country) and knowing what the capacity in your country/community actually is	Release the capacity that already exists and try to close the gaps by investing in capacity-building
Proposal development. Capacity development can be interpreted as the donor in the North assuming that the ‘South’ lacks capacity	Make time for identifying Southern partners’ capacity and make use of this capacity
Philanthropy as an integral part of development (philanthropy in society) and challenge to make it sustainable	We need more research

A typology of challenges and solutions

- Needs assessment/self-reflection
  - ‘I know what I don’t know’.
  - Latent capacity/system capacity; don’t assume something needs to be developed, it might already be there.
  - Holistic set of skills; capacity development might be too focused on a certain set of skills, but this might not include other crucial factors.

- Infrastructure mechanisms and mindsets
  - Mindset: philanthropy as development.
  - Lack of skills is the biggest challenge.
  - How to build the capacity regionally and locally to create more fundraisers, acknowledging that capacity-building is a long-term process and investments need to take this into account.
- Resources
  - Limited resources (such as money)? Or is it not just about the amount when you talk about capacity-building? This leads back to the importance of self-reflection – identifying what is needed and channelling resources effectively.
- Monitoring and evaluation (M&E) impact
  - Developing metrics.
  - Metrics for institutional development; how can you learn from failures and ensure effective feedback systems?

Actions

- Coordination between philanthropic actors to set standards. Philanthropy might get bigger and it is important that the world knows that there is a set of standards. Therefore philanthropic organisations will need to coordinate and be held to account as their role expands.
- More coordination between philanthropic organisations and other development players to identify gaps and to collaboratively create and ensure better work (many organisations do have a code of practice and WINGS is also working on this).

Solutions

- 360° self-reflection/institutions landscape/unleashing latent capacity-building.
- Qualify ownership/identify shared values.
- Set a joint framework for achieving agreed objectives (with third-party collaborators).
- Share learning systems to ensure accountability, transparency and relevance.
- Coordinate between philanthropic actors to access common standards to learn from and share with others.
- Coordinate between philanthropic players and development actors.

Commitments

1. Establish a clearing house for capacity-building which has the purpose of:
   - improving the quality and function of a wide range of organisations;
   - building institutional capacity to organise and select, and share knowledge, know-how, evidence and tools by expanding the applicable metric and assessment mechanisms; and
   - changing the culture and funding patterns by facilitating dialogue around these issues through allowing sub-groups to form, and communities of practice to emerge, split off and disappear.

As members of such a clearing house, development actors would have access to high-quality information tools to do capacity development, while philanthropic actors would find it useful in identifying who to fund, how and why. Both development and philanthropic organisations would find the clearing house useful in promoting an evidence-based dialogue.

In terms of sustainability, it is recommended that Rockefeller and IDRC set up an endowment and once the clearing house is up and operating, members would pay for services. The clearing house, and the management thereof, should initially be set up by a small number of organisations. It should be multi-sited (rather than located in the North) and networked.

2. Optimise multimedia communication in relation to philanthropy in terms of sharing best practice and holding people to account. This involves building a relationship, which may take a long time period. This should start with what is going on now and what platforms are already out there, by identifying best practices and by encouraging people to recognise what they are doing as best practice and providing this evidence to the media. This involves encouraging journalists by bringing people together, educating them around key areas (seminars, workshops), by establishing a network and by seconding people to encourage critical thinking.

   This has funding implications and there should be budget items for the dissemination of best practice within project funds, as well as specific funding allocations for media production and dissemination at local, regional and international levels.

Closing Panel Discussion: The development–philanthropy nexus – making it happen

The closing panel comprised: Pesh Framjee, of Crowe Clark Whitehill; Rachel Turner, UK Department for International Development (DFID); Zia Khan of the Rockefeller Foundation; and Samia Yaba Nkrumah MP, Convention People's Party, Ghana. A video of part of this panel is available online at http://action.bellagioinitiative.org/video/the-development-philanthropy-nexus

The panellists drew on their extensive experience and personal insights to provide insight on the discussions in Module Four, and to share their aspirations and visions for wellbeing, international development and philanthropy in the light of the emerging framework for action. They also aspired to assess how the world will look in the decades ahead and to exchange personal insights into the next phases and the future challenges as the framework for action 'goes global' after the intensive discussion at Bellagio. In order to provoke discussion, the moderator, Lawrence Haddad, Director of the Institute of Development Studies, addressed the following four questions to the panellists:

- What have you found particularly interesting and fulfilling about the Bellagio Initiative?
- What has surprised you?
- What have you found particularly worrying?
- What will you do differently after the Bellagio Initiative?

Pesh Framjee, Head of Non-Profit, Crowe Clark Whitehill

I found the readiness for change fulfilling and it resonated with me. This has been one constant, but aligned with this we are all so busy managing the present. Another fulfilling emphasis has been on not just innovating, but on retaining what we do well.

What I found surprising is the message that the philanthropy and the development sector do not match up or are not as well aligned as expected. Even in the assessments and evaluation and what we want out of the work we do, there are differences.

Lots of issues worry me in relation to the big issues discussed here. These are important matters, but will we be able to deliver on them – will these days at Bellagio lead to something concrete?

When I return to my office load, I will give myself time to reflect properly on the ideas and issues discussed. There have been so many interesting people, concepts, issues, and I will be considering the things that we need to take forward.

In particular, there has been a fundamental lack of alignment, collaboration and sharing in terms of achieving end results. Doing something about this is what will really matter in the future. And, linked to this, we are missing the big word which keeps coming up in the Summit, namely 'trust'. Trust is missing because of the lack of alignment and because there is often a requirement for organisations to meet their agendas, which results in a lack of risk-taking. In the Bellagio discussions, people were able to come up with critiques of the philanthropic sector very quickly and easily, yet answers were very slow in coming and it is hard to come up with feasible ways forward. Let us hope that the answers will emerge and we can work on them.

Rachel Turner, Director, International Finance Division, DFID

What resonates for me is the emphasis on transparency. The debate around transparency is not just 'about being stuck out there', but about 'active communication' with communities. [She referred, for example, to a comment by BRAC about getting transparency embedded into the language that everyone uses, rather than simply in English and on a website.]

Philanthropic organisations' acceptance of the characterisation of themselves as risk-averse was surprising. Is this right? Is there something going on there? Do philanthropic organisations want to take more risk? Why do they not appear to be challenging this characterisation? Another surprise was the sense of ambition and the willingness to move into the advocacy space, coupled with the sense of urgency before 2015. And finally, the discussions on language and leverage – philanthropic resources are precious and different and how can we leverage this to maximum effect?

I am worried by foundations' balance sheets and the fact that this has not come into discussions. Perhaps discussions of these are strictly forbidden? There is also a lack of clarity over the role and impact of philanthropy in the emerging powers.

I will continue to watch the 'Secret Millionaire' [a UK TV programme in which millionaires go out into communities, experience people's lives and difficulties and re-evaluate their own approaches to philanthropy] because it makes one think about philanthropy and ambition and impact.

Zia Khan, Vice-President, Strategy & Evaluation, the Rockefeller Foundation

Zia Khan said what resonated for him was the expression of need for better collaboration on our two goals: growth with equity and resilience.

Both goals need systems to work. We need to use this lens as a means of pulling together people who are not used to working together and to do things differently.

The diversity of perspectives encountered at Bellagio has been surprising. There has been no homogeneity although it may be because of the way participants brought diversity and knowledge to the Bellagio Summit.

Zia's concern was that some of the discussions might have a degree of superficiality to them. He questioned why reaching agreement over shared activities is difficult. His suggestion was that this stemmed from the fact that it is hard to invest the necessary time to understand the assumptions and ideologies of different actors, as there is always an imperative to 'rush to action'. We need to understand these but we cannot sustain this understanding within our day-to-day work. Without greater understanding of the assumptions and ideologies, we will remain fixed on the means and flexible on the goals, and not the reverse.

He would like to be more conscious of various constituencies, and of the similarities and differences in what they do in order to find areas of mutual benefit.

Picking up from Rachel's reflections on risk, Zia commented that one only takes risks when something is at stake, but because a grant does not seek to get money back it is not clear what is really being put at stake. Perhaps Rockefeller can take more risk with its capital. It is easy, he says, to not take risks.

I don't think we're risk-averse… just unclear about what's at stake.

Samia Yaba Nkrumah MP, Chairwoman and Leader, Convention People's Party, Ghana

As an MP in Ghana, I represent predominantly rural constituents on the border of Côte d'Ivoire. In this area, many people do not enjoy the most basic human needs, and when I was campaigning for Parliament, I visited many inaccessible areas which lacked water, had no sanitation, inadequate education, etc. Many of us, in our work, day in and day out, we see and meet people who do not have the basic social needs that many of us take for granted.

When faced with all these issues: 'What goes on in your mind as someone who wants to represent these 92 communities?' We must create the conditions for fair distribution of opportunity for every child. As a politician, I have had to become a development agent and a philanthropist. I thought I would be just a legislator, but in reality I am linking up with NGOs, writing proposals and trying to create opportunities for education and trade. My thinking has been shaped by the world of philanthropy.

Although we know that we need 'every kind of help', the main problem is when there is a lack of communication between recipients and philanthropists. We need to sensitise and liaise very closely with direct beneficiaries, involving them in the entire process in such a way that they own the process. This involves exploring ways of managing resources efficiently in order to extend the small sums of money that MPs like me (and others) invest. To help communities own the process and to manage resources efficiently we must be more transparent about how the money is being used and encourage communities to invest their labour into projects. This raises our credibility and trust and moves from giving charity to trying to establish a relationship. We cannot succeed fully without becoming friends. This makes sense and is logical.

I am pleased to participate in a discussion about improving the effectiveness of philanthropy. This [Bellagio] discussion is long overdue. We are all doing this because we passionately believe that we all deserve a better chance in life. Anyone who wants to make life more meaningful would of course want to make this better through communication.

We also need to ensure that we do not politicise philanthropy and aid. This involves deciding and planning how things will happen, to include people of different political orientations and to *determine carefully the role of local authorities and whether they represent the people or the government. To take a positive example, a religious organisation came to our community and wanted to help make clean water available. It went to the local authorities, consulted with traditional rulers (who represent the people and keep the social heart of the community intact) and came to us politicians. We decided that we needed to have additional information before indicating where and how they might implement their proposals. As is often the case, this information was not available, so over a period of a year we went from community to community, identifying where there was no access to water, where people lived near natural resources, etc. Then we prioritised and identified 20 communities. On the basis of this information, it was decided not to construct simple boreholes, but to install mechanised ones as these would serve the people better.*

Another example, demonstrating the need for data prior to implementation, is a scholarship scheme to help the girl child. But because we wanted to make an impact, we targeted the tertiary level. This did not work because when we started implementing the scheme we found very few young women get to tertiary level. So in the end we ended up supporting 700 young men.

Professor Haddad, as moderator, commented on the widespread perception of the misalignment between philanthropy and development and wondered whether this is more of a language issue as both experience difficulties connecting with communities. He questioned whether people have been ‘too nice’ to each other at the Summit, and whether there have been any simmering disagreements under the surface.

The following points were raised in the discussions that followed.

In relation to **risk**

- In considering philanthropy and risk, is there also a need to consider risks from the point of the view of the recipient of philanthropy?
- We often talk about collaboration, alignment, risk and so forth, but what are the consequences of not collaborating or not taking risks? If there are no consequences, then we are disincentivised from taking risks.
- Although it is important to talk about what we mean by risk, for many of the tried-and-true programmes the question is impact.
- What do we mean by risk? Sometimes foundations can be seen as taking risks and sometimes as preventing others from taking risks. For example, internally, within Rockefeller, there are debates about this. Exploratory grants are designed for funding ventures that are considered risky.
- There is a clear feeling that there has been, and continues to be, too much emphasis on the downside of risk – which focuses on value protection and on what can go wrong – and not enough on the upsides of risk – emphasising the missed opportunities and value creation.

In relation to **balance sheets**

- It is not so much a misalignment, but rather different roles and clear differences in what we should do with our balance sheets.
- Foundations have big assets and it is a challenge to use that money in effective ways. It would help to see the balance sheets, and use their assets to bring down the price of vaccines (or use the donors’ or multilateral development banks’ credit worthiness in a similar

way). This has been done with advance market commitments, guaranteeing large orders in the medical field (for instance for vaccines) and thereby benefiting from economies of scale and the assured market to safeguard producers. Could this be done with other examples? We see our assets as being able to generate these funds. It is not much but it is unique and we use this in targeted ways that enable us to allow people to take risks rather than asking whether this is a risky grant or not.

In relation **to trust**, **voice** and **expectations**

- It is not just necessary to talk about risk in terms of grant-making. There are questions of trust and risk. There are many examples of programmes that took risks and succeeded. For example, foundations, working with the private sector and drawing on business skills, have developed insurance schemes that pay out predictably and these are important for developing trust. These initiatives are now being scaled up to reach thousands of additional people per week.
- What do young people expect? In Ghana, this is the fastest-growing sector of the population, but many are unemployed, in the huge informal sector or underemployed. They don't want handouts, they want to be given the opportunity to do something with their lives. They want cheap credit or soft loans, they want to start a small business or learn a trade. What is the best way to give them a space to do something worthwhile, rather than offering a quick solution? They want optimism, inspiration and freedom from dependence.
- One question that needs more exploration is the daunting challenge of cultural norms. Samia Nkrumah seems to imply that if you could only give voice to everybody, everything will be fine, yet we know that this is not true. In Eastern Europe, when people vote for a populist government, this has resulted in problems of racism, xenophobia, etc., as populist values can equally run against the wellbeing of some groups. We have to find ways to focus on citizens, on building responsibility and on developing a sense of citizen culture that is broader than the rule of law.
- What is interesting is figuring out where people go to get voice, and what happens in that process and in translation. How you really listen to that voice and take it into consideration. *It is one thing to say you are seeking community voice, but what do you* do *with that?*
- In response to the query about taking voice into consideration, it is important to consult with as many stakeholders as possible and to link up with people if you want to make an impact. This may be riskier because it is unknown but it may also be more effective.
- Is there learning to be gained from examining cases where community voice has been incorporated well?
- Given that we know how to incorporate voices from the ground, the real question is *why* we're not doing that, and the role of accountability in this was highlighted. It was argued that we need to put leaders out into the public domain, which is now much easier with the internet. Second, we all need to understand that this is not very hard to do, but quite simple.
- It is a common experience that a community may not speak with one voice. For example, women in a community may identify setting up toilet facilities that allow dignity and privacy as a top priority, whereas male leaders may want to prioritise other issues.

In relation to **urbanisation**

- This is a fast-changing world, in which cities are expanding rapidly and there is massive migration, and yet our solutions are static, inadequate and lag behind. If we are thinking about voice, who should we be focusing on, and can we move in the ways that people are moving? How are government, foundations and others responding to this fast-moving world?

- Thinking about urbanisation also raises questions about the diaspora. There are communities that move and re-establish themselves and these are largely outside the view of the development sector. How can philanthropists support these groups to formalise and achieve their own goals of wellbeing, as well as contribute to the wellbeing of the places they came from?
- In relation to urban issues, one challenging question is to work out when to go with the grain and when against it. Many see urbanisation as positive and others see it negatively. These are value debates happening against the background of fundamental trends. How do you evaluate the biggest urban issues to focus on or do you just let people work where they wish? What can foundations do in relation to this? Knowing what governments are likely to support and scale up would help philanthropists.

In relation to **misalignment** and **disagreement**

- There hasn't been a lot of disagreement, but there were differences of opinion and some disagreements have broken through on occasions. One example is, some participants focused on rural livelihoods and argued for trying to curb urbanisation. Others pointed out that China spent ten years trying to do this before eventually deciding to work with urban communities instead and try to deal with the existing urban situations. The underlying realisation was that you cannot impose an agenda from above; you must know what people want and work with that in ways that can be more sustainable.

Bellagio Summit closing plenary: Synthesis and framework for future action

This session concluded the Bellagio Summit by identifying key messages, actionable commitments and suggestions for a new framework for development and philanthropy to work more effectively together in the protection and promotion of human wellbeing. It began with asking participants to briefly reflect on what they learned about the other actors in the global development effort and what they discovered were the interesting things that these actors have to contribute.

Some of the comments are given here.

> *I was introduced to the world of impact investing; we really need to think more about the ethical benefits of impact investing.*
>
> *It was refreshing to think from an innovation point of view and explore the process of managing an innovation and going to scale.*
>
> *So much of the conversation has been about foundations. I was struck by the conservative assessment of foundations, and government development agencies find it hard to work with foundations because they are so slow, yet foundations don't seem to be so nimble and agile. Are there creative ways of engaging with the way philanthropic finance actually operates rather than with the way it says it claims to work?*
>
> *The Bellagio Summit is like a think-tank for development. It is a great platform for the exchange of ideas and views on social development.*
>
> *In many conversations on risk, the focus on reframing the downside to look at the opportunities has been refreshing.*
>
> *I fail to see the 'disconnect' between philanthropy and development agencies, yet there is room for knowing and understanding the complementarity better. There is frequent interaction with development actors, and we need to recognise the efforts of the few who are trying to reach out. Yet newer, emerging philanthropies need more depth and analysis – so the conversation is far from over.*
>
> *I came to learn more about the role of foundations in development. There must be room for cooperation that will add value all round, but this has not been found. Given what DFID is doing with Gates in GAVI, one might ask the question, 'Who is driving who?' There are numerous other foundations, but it is difficult for governments to engage them because they are small players. Nonetheless, perhaps it is worth starting a dialogue.*
>
> *If foundations are not risk-aware, then what are they for – if it is not to take risks that others can't. Can foundations be used for scoping risky, early ideas?*
>
> *Will foundations sign the Paris Declaration? Although the philanthropic sector doesn't have a unified voice, and no strategy to create voice, we can see it as a pressure point to create further collaboration.*
>
> *I am less cynical about aid than when I arrived. I'm sorry we didn't explore the strengths and weaknesses of aid and philanthropy more. There are some fundamental issues relating to the role of philanthropy in national and international development and philanthropy is different to what governments do.*

Fundraisers need to talk about risk and to offer a choice to people.

Impact investment is interesting in relation to fundraising because we need to build the capacity to invest.

I have learned that I need to get away from a 'Global North' approach and to think about philanthropy in other areas.

We are still in the stage of complexity. Major shifts began in the philanthropic sector in the mid-1990s, and we are starting to see simplicity on the far side of complexity. There has been a changing of the guard in philanthropy since the 1990s. I wouldn't give a fig for simplicity on this side of complexity. For now, though, I think business ideas are going to continue to drive the way philanthropy operates.

After open comments from participants, Allister McGregor (Institute of Development Studies), Neelam Makhjani (Resource Alliance), and Robert Garris (Rockefeller Foundation) shared highlights from the Aide-Mémoire which was drafted on the final day to serve as a concise summary and record of key learning and commitments from the Bellagio Summit. The full Aide-Mémoire follows below.

Aide-Mémoire: Documenting the Bellagio Initiative Summit

[Note: This aide-mémoire was developed in the final two days of the Summit and was refined during the two weeks thereafter. It was intended to provide a quick and concise summary of high-level messages from the two-week Summit.]

Background

The Bellagio Initiative was developed by the Rockefeller Foundation, the Institute of Development Studies (IDS) and the Resource Alliance to contribute to the development of a new framework for philanthropic and international development collaboration in pursuit of human wellbeing in the twenty-first century. It has incorporated a series of consultations spanning most regions of the world, garnered advice and guidance from an international Advisory Council, generated nine commissioned papers on a series of relevant topics, included a 15-day Summit at the Rockefeller Foundation's Bellagio Center in Italy, and involved more than 1,000 individuals across the world through social media. The aim of this aide-mémoire is to capture key lessons learned and to maintain the momentum and commitment from those individuals who have brought such a wealth of knowledge and expertise to this process throughout 2011.

Key messages

The Bellagio Initiative Summit generated key messages for institutions and individuals working within, or between, the sectors of development and philanthropy, as well as those wishing to engage in these sectors in the future. While a more comprehensive report will be produced that will give more detailed analysis of the key insights and action points from the entire Bellagio Initiative process, the preliminary conclusions identified from the Summit by the three organising institutions follow.

1. The paradigms that have dominated international development assistance and philanthropic effort are currently being challenged or are discredited, but it is not yet clear what new ideas and approaches will take their place. This provides a **moment of great opportunity for innovating** based on a new combination of actors and approaches.
2. We acknowledged the lack of sufficient understanding of comparative advantages and complementarities between different types of actors, and examined **an ecosystem approach that builds on promising practices** underway in many places across the world. Discussion reflected on the possible complementary roles that different development and philanthropic actors can play and recognised the need to be more conscious of the distinctive contribution of these different roles. These include: convening, exploring, listening, piloting, incubating, catalysing, investing patient capital, investing risk capital, leveraging, scaling, empowering, and incorporating feedback, research, advocacy and learning.
3. There was **strong support for a more people-centred** approach to development efforts. The discussion repeatedly returned to the need to understand the power structures that systematically inhibit a people-centred approach and to the place of ideas around rights and justice in any approach. This reflected a more general theme throughout the Summit that new approaches need to be more explicit about the values on which they are based and that the value basis for international development and philanthropic effort needs to be more consistently applied. In seeking to be more people-centred the discussion highlighted the critical importance of more effectively engaging with the role of youth and women in

development. Ironically, although philanthropy is people-focused from its initiation to purpose, current discussions on these topics are often absent in philanthropies.

4. Questions regarding **the aims of international development and philanthropic effort** arose throughout the Summit. Participants debated the merits of and obstacles to using a concept of human wellbeing as a guide in addition to more traditional income-focused measures of development. There was some support for this move, but it was clear that much more work was required to clarify the way the concept could be used and what data could be generated on less tangible dimensions such as voice, dignity and justice.
5. We must build or improve upon shared platforms for **collecting, analysing and acting on data**. Ideally this would involve everyone from the largest development agencies, such as The World Bank and the UN system, to individual philanthropists.
6. Issues of **accountability and transparency** were repeatedly raised in discussion and were highlighted as essential components in any new way forward. These were seen as essential for reconnecting development and philanthropic effort to the people it is intended to benefit.
7. **Financial, social and technological innovations** were examined and appreciated, and this appeared to be a particularly fruitful area for shared learning and action. We explored ways to more effectively find, support and scale innovations that promote human wellbeing, with an eye to a future action agenda. We examined community-based methods, prizes and matchmaking methods. At the same time, we must not overlook what is not new and has proven to work well, and continue supporting those efforts.
8. **Risk** was a theme running throughout the Summit. Although many participants acknowledged a common assumption that the philanthropic sector can take risks where others cannot (because of endowments and independence), the sector is often as risk-averse as others. Balancing a calculus of risk versus opportunities, assessing risk at the strategy and portfolio level rather than at the individual project level, and creating cultures where failures are accepted and seen as sources of learning were seen as possible game-changers in how the philanthropic sector can draw on this potential comparative advantage.
9. The theme of **trust** arose again and again. We discussed the need for better and more reciprocal feedback mechanisms, longer-term and institutional funding, safe spaces for reviewing performance and admitting failures, challenging assumptions and stereotypes, and many other ideas to build trust between different actors. We noted how difficult it is to rebuild trust once it is lost. We noted the great difficulty and even peril that many grantees and development actors face in their societies. And we agreed that there are no substitutes for real relationships that are built on courtesy, respect and getting to know one another on a face-to-face basis.
10. We don’t always find the **right combination of actors and social forces**. Authentic, competent local leadership is key – as are capable institutions. And entrepreneurs are often bypassed by development efforts altogether. Providing the appropriate amount of sustained support over time is an important aspect of this.
11. Much of the discussion at the Summit focused on the issue of **resources**; of how to mobilise new resources and make better use of existing resources for philanthropic and development effort to have better effect in promoting human wellbeing. People and their talent, skills, networks, voice and communities were all seen as being equally important for ensuring the effectiveness of both public and private money. Crucially, we agreed that we must not continue to just discuss community voice and action, but rather must act on it. There was a sense that this is where a paradigm shift must originate. New institutional mechanisms for

resource mobilisation and new information and communication technologies were discussed as areas of innovation to be explored. The group recognised the importance of funding social movement organisations in addition to more traditional individual institutions.

12. Awareness of the political nature of development, the unintended consequences of giving, and the importance of reciprocal relationships between givers and receivers were threaded throughout the discussions. **Advocacy** is something we should not fear, but should support responsibly.

Actionable commitments emerging

The Bellagio Initiative Summit also generated agreed and potential commitments for action.

1. Create a **centre of excellence** that is a training centre and repository for philanthropic organisations, covering topics such as the legal environment, taxation, advocacy, governance and collaboration between philanthropy and development.
2. Convene **working groups for new philanthropists** on specific topics raised in the Summit, including sharing due diligence, guidelines for funders and NGOs in building partnerships, and governance and management tools for new country-level non-profit organisations.
3. Provide **workshops on philanthropic infrastructure**, development priorities and collaboration for high-net worth philanthropists from Asia and Africa.
4. Develop **supportive peer networks** of high-net worth philanthropists in countries where they do not yet exist.
5. Convene a follow-on event from a **civil society organisations** (CSO) perspective, building on the development and philanthropy focus of the Summit.
6. Convene a follow-on event hosted by a major international development organisation to deepen the Bellagio Initiative focus on the role of development organisations within a **complex ecosystem of actors**.
7. Form a time-bound Project Team to develop and implement a **research project on power/ideology** in the evolving system of actors.
8. Explore **people-centred innovation value chains**, starting with existing work on innovation value chains to determine if any are relevant for wellbeing and development; and if people-centred innovation value chains do not exist, write a brief with recommendations on how a funder could launch a research project on this theme.
9. Conduct background research and scoping for a **Volunteer Impact Assessment** to analyse the return on investment and long-term impact of volunteering in development and CSOs, for organisations giving their employees compensated time off, receiving organisations investing time and resources in hosting volunteers, and the volunteer.
10. Support expansion and greater quality of **philanthropic endeavours in China** through writing about the Bellagio Initiative experience for a Chinese audience (in Chinese) and potentially hosting a Bellagio Initiative Summit for China-based philanthropy.
11. Conduct a research project on how philanthropic, development and civil society organisations can more effectively use **evaluation results** in their communications strategies.
12. **Expand ideas** such as *Ipaidabribe.com*, or publish school and clinic budgets onsite, and develop applications that can be used on mobile phones.

13. Develop tools for philanthropies to better understand their own **risk tolerance** and to construct portfolios of grants and projects that reflect a mix of risk (rather than gravitating toward the lowest level of risk for all projects).
14. **Develop case studies** for combining local philanthropic giving with international philanthropy, overseas development aid and national-level social spending to create financial sustainability for projects.
15. Develop formal recommendations for how foundations can use their convening power and external consultants to **better engage communities** in the early definition of problems and mapping of systems of actors.

Towards a framework for action on human wellbeing

Finally, the Bellagio Initiative Summit outlined principles in and steps toward a new framework that the organisers believe will help institutions and individuals in the fields of development and philanthropy more effectively promote the wellbeing of people around the world. This framework will be included in the final report on the Bellagio Initiative.

Closing note

The Bellagio Initiative Summit organisers realise that there were some gaps in themes and participants, most notably insufficient attention to questions of the environment and the people–nature nexus. And though our discussions were robust and deep, we surfaced as many questions as we resolved. Nevertheless, we believe that these messages, commitments and outline of a framework will make a distinct contribution to the fields of philanthropy and development in the coming years.

Bellagio Initiative

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