

How to maximise the impact of philanthropy

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Tonika Hirdman (pictured), director general of the Fondation de Luxembourg, an organisation that both facilitates and encourages philanthropy, explains how to approach philanthropy and what to watch out for.

What does Fondation de Luxembourg do?

We're an umbrella foundation and we help people realise their philanthropic ambitions. We make it more focused, refining and supporting them through their philanthropic projects, while taking care of the monitoring.

There are so many worthy causes, how do you decide which ones to back?

The cause is always decided by the philanthropist- they come to us with their personal causes and aspirations.

We help them define that into a specific objective. The cause can be very general, so we try and pin it down, because it can only be efficient if it is more focused.

What is the next step after the cause has been chosen?

Once the cause is clear, then we help them find a professional partner and the right approach to achieve their objectives.

We will have discussions with different partners, sometimes with the philanthropist.

We have an extensive network of non-governmental organisations (NGOs), social entrepreneurs and research institutions that we work with. We can also help them find a new partner, depending on the specific cause.

What are the key elements to maximising the impact of the investment?

Our experience is that philanthropy is most efficient when you have the buy in of the local population and when the philanthropist understands the impact of their giving and the outcome they are trying to achieve.

Philanthropy is based on people's personal wishes, but needs to be adapted to people's needs.

Whatever the cause is, the main objective is to maximise the achievement of the investment, but you need to ensure their expectations are realistic. It is important that they have a clear idea and are realistic about what can be achieved with the resources available. One of the first things we have to clarify is how much money they would like to engage and the time period.

They are often entrepreneurs and have a business perspective, but working with local partners can be a long process, particularly if you're trying to change cultures and outlooks.

Can you give us an example of a project and how it was implemented?

[Charitable foundation] Fondation Espoir had been inspired by a French doctor who wrote a book about female genital mutilation/cutting (FGM/C), one of the few doctors who had managed reconstructions through surgery.

(FGM/C) is not only a major infringement of their bodies, it gives rise to lifelong issues and can be fatal. The philanthropist wanted to take concrete action to try and eliminate this.

The founders were very clear about the cause, so here it was more a question of finding the right approach.

We chose to focus on Ethiopia because of the prevalence of FGM/C, with 65% of women there having experienced it, and also because the government has taken a clear stance to eliminate it by 2025. You need the involvement of the authorities to make it durable.

We spoke with other stakeholders, including doctors who'd studied FGM/C and professors here in Luxembourg and in Ethiopia, and learnt more about the topic. Then we prepared the proposals for the philanthropist.

We identified Unicef as a strong partner. The founder had a clear vision of wanting to focus on treatment and cure, and prevention. A lot of NGOs just focus on prevention, but Unicef is one of the few NGOs with the capacity to do both.

It took a few months, but from there we entered into an agreement with Unicef, set up a detailed project plan with the budget and milestones to be achieved, and we measure against those targets twice a year.

Do the projects always run as expected?

The plan often changes over the over the course of the project because you learn as you go along and gain new insights. After year one, we found there was too much focus on prevention, so we took the decision to hire four more gynaecologists, tripling the number from the original two, who were seeing 600 women a month.

Fondation Espoir was set up in 2014 for five years with €5 million (£4.4 million), but with the government wanting to end FGM/C by 2025, the founders also decided that they wanted to extend the project.

Can working with local partners be problematic at times?

We carry out due diligence and monitoring, but sometimes you do need to change partners.

In Morocco, where we were supporting a different foundation working on an environmental project to help increase ecological efficiency, our counterparty there was not working the way that they should. The project was still on focus, but our partner had a governance problem, so we signed up a new project partner.

In another case, the USO pulled out of Namibia because the country was no longer a target for their organisation, but they were very efficient and helped us find a new partner for a school building project.

How popular is philanthropy?

The people we are meeting made a lot of money, but have reflected seriously on life and how they can make a difference. People are getting more and more concerned about the environment, conflict and poverty, and if you have the money, it is natural to want to contribute and help. I find it very encouraging.