

BELINDA STRONACH

Philanthropy: A Path Forward in a Challenging Time

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Thank you very much for that introduction.

I want to begin by expressing my appreciation to Mark Adler and everyone at the Economic Club of Canada for the enthusiasm with which they greeted the idea of a number of speeches devoted to issues of philanthropy. Mark could not be with us today due to an emergency but I do look forward to working with him on this series.

I'm honoured they chose The Belinda Stronach Foundation to partner with for their first ever joint speakers' series. And I want to thank you all for being here today. I hope you'll come back over the next several months as we bring to Toronto some of the leading lights of philanthropy – names you'll recognize and ideas you'll want to hear.

We began planning this series back when the words "the economy" and "train wreck" didn't always appear in the same sentence. Instead, I was motivated by the work I have seen done by foundations, the experiences I've had over the past several years in Africa, the Americas and elsewhere in the developing world and the remarkable changes that philanthropy has undergone as an industry unto itself.

But in a completely unplanned way, our timing for this series couldn't be better. This is an uneasy and critical moment for philanthropy, and especially for those who rely on the generosity of others.

It would be premature to describe the current giving environment as being in crisis, but there's no denying that charity is a tougher sell today – here and in other countries. Let me give you just one example. In New York earlier this month, a prominent charitable fundraiser auctioned off a package called The Super Trio – a tennis lesson with Serena Williams, a night out in London with Kevin Spacey and a backstage get-together with U2. And it went for \$130,000, which is a lot of money but much less than expected.

I'm not sure what the Canadian equivalent of the Super Trio package would be. I fear it would involve a night out with Don Cherry.

Let's step back from the turmoil of the moment. The shape of global philanthropy has undergone a radical makeover in the past 20 years. No longer is it the protected domain of the bureaucrat and the expert. Thanks to technology, thanks to the persuasive efforts of so many, philanthropy has been democratized.

Consider just some of the changes we've witnessed over the past two decades.

First, we've seen the emergence of the mega-philanthropist – people like Bill Gates, Richard Branson and Warren Buffett, whose resources rival those of small countries and whose generosity has raised hopes for transformational breakthroughs in the fight against disease and poverty.

Second, we've seen the rise of the celebrity philanthropist – people like Bob Geldof and Bono, whose resources are not as great but who are capable of wielding tremendous influence with their ability to attract public, media and political attention. Gone are the days when wearing a ribbon to an award ceremony was the pinnacle of celebrity do-goodery. Now, Hollywood and philanthropy are so closely intertwined, and celebrity activists so common, that there's a major website – LookToTheStars.org – that does nothing but track and report on the philanthropic efforts of famous people.

Building on this, we are working with Justin Kingsley of BBR on a viral campaign that will utilize some of the world's leading philanthropists and their causes to encourage all of us to do a bit more to make the world a better place.

Third, we have over the past two decades seen the emergence and growth of corporate social responsibility efforts – businesses that are investing more time, effort and resources to advancing long-term international development goals while doing good at home as well.

BELINDA STRONACH

Fourth and finally, we've seen the emergence of the general public not only as a key contributor to philanthropic causes – which is a role it has long played – but also as a persuasive force in prompting governments and businesses to pursue social justice. For instance, using the Internet as a tool, the people behind the ONE campaign has been able to amass a multi-million-member army of antipov-erty activists, raising the issue at the highest possible political level based solely on sheer will and impressive numbers.

A recent report by Brookings Global puts it this way: "Along with lending its voice to specific issue-driven campaigns, the public has become an active participant in financing development and a growing contributor to development activities on the ground."

Just look at the scope of the changes we've witnessed in this area alone. While governments and large philanthropies will always play a critical role, individuals have become much more influential and important. They are now empowered to contribute directly to the lives of people not only in their community but also around the world.

A few clicks on a computer and they can be buying a goat for a village in Africa. With a donation of as little as \$25 through the website Kiva.org, they can become a banker to the poor: helping a micro-entrepreneur in a developing country to start a small business. And Rick Mercer, with whom I co-founded Spread the Net, would never forgive me if I failed to tell you how easy it is to go to our website – that's www.spreadthenet.org -- and for only \$10 buy an insecticide-treated bed net that will help protect an African family from the scourge of malaria.

We are in a new age of grassroots philanthropy. Individual donations from the United States to the developing world have surged to approximately \$26-billion a year. In Canada, the number is much smaller but growing. And in large part that's a reflection of the fact that charitable giving has expanded from very broad – such as contributing to a major international aid organization – to include the very specific – that goat, the microloan, that bed net. With your donation, you get the satisfaction of knowing you've protected or nurtured a life, a family, a future.

But the growth of philanthropy has created challenges. And when it comes to business and their donations, one of the great challenges is how to measure the impact of a corporation's contributions.

Don't get me wrong. Business leaders understand that contributing to charity isn't a drain on shareholder profits – it's an investment in greater long-term success. There's a 2006 study that's well-known in philanthropic circles – and although you could read the whole thing, it's one of those studies that has pretty much all the information you need in the title. It's called "Is Doing Good Good for You? Yes, Charitable Contributions Enhance Revenue Growth." Kind of gives away the ending, doesn't it?

The researchers found that corporate giving increases brand loyalty, brand awareness (especially for companies sensitive to public perception) and employee retention – because more and more these days, people want to work for companies that play an active and positive role in the world. This in turn enhances profitability by raising employee morale and productivity. It can be tricky to put a figure or statistic on the extent to which a donation pays off for a business. But that same study found that for every dollar a company devotes to its charitable giving budget, future sales increase on average by six dollars.

So modern philanthropy isn't just about virtue – it's about value – building value and protecting value. I say "protecting" because preserving one's corporate image is even more important and challenging in an era in which marketing is no longer a one-way street. With the growth of the Internet, ordinary people now have the ability to pass judgment on corporate behaviour, to praise those who are progressive and socially minded, and to call out – or even worse, to avoid – those who lag behind.

The power of business to touch lives, to spark innovation, to help social enterprises get off the ground should never be underestimated. Every day, corporations demonstrate that it's possible to fulfill a social purpose while pursuing a financial profit.

Beyond that, more and more business leaders also understand that philanthropy is also one of the keys to enhancing national competitiveness. The leading countries of the 21st century are going to be those that understand that in order to attract and keep talent, you need strong communities that appeal to the freemoving citizens of the world. By investing in communities with money, with volunteerism, with the sharing of expertise, a company can help build the prosperity and health of its community – which in turn is in investment in its own future success. Bottom line: It pays to give where we live.

BELINDA STRONACH

And the corporate giving experience is not and need not be limited to signing a cheque. A new study by Imagine Canada found that corporate employees can be an effective and influential philanthropic force all on their own. The found that while 97% of large corporations donate money to charities and non-profit groups, 73% also donate products and 68% contribute services.

To cite just one example of many, workers at Telus have contributed close to three million hours of volunteer time in their communities since 2000. It's part of a formal program the company calls Days of Service. And it's made a positive difference to many people, charities and communities.

That said, every company is bombarded with requests for donations. Most companies want to do their bit to help. But companies want to make sure their investments are working both for them and for the people they're meant to help. That's part of what Harvard scholar Jane Nelson describes as a trend toward "a more enterprise-based and competence-led approach to philanthropy."

That same challenge exists on the global level, where charities and non-profits are being pressured to make development more effective to ensure today's outpouring of generosity will yield sustained improvements in the lives of the world's poorest people. Limited development resources need to go where they are needed most and will do the most verifiable good.

Easily said, not so easily done. But what's exciting is the enthusiasm and ingenuity with which many in the philanthropic world are meeting this challenge. Let me tell you about one new approach called Cash on Delivery – which takes a radical new perspective on foreign aid as it's applied to primary schooling.

This is a concept being spearheaded by Nancy Birdsall and the Center for Global Development. The idea is to try to accelerate progress toward universal primary education by offering a contract to developing countries that will pay them a specific annual amount for each additional child who completes primary school.

The goal is to address the understandable desire among donors for aid that can be proved to work – to deliver results, to be both effective and efficient. Building schools is crucial, and many organizations such as Free the Children do tremendous work in putting in place the infrastructure that's necessary for education to take root. But at same time there something appealing about investing philanthropic dollars in a program where you know the cash will be handed over only when people have actually benefited.

So under Cash on Delivery, donors could commit a specific amount for a specific measure of progress, e.g. \$20 for every student that takes a standardized competency test in their last year of primary school and \$200 for each additional child over an enrollment baseline who takes the standardized competency test.

The country could then choose to use the new funds for any purpose: to build schools, train teachers, partner with the private sector on education, pay for conditional cash transfers, or for that matter build roads or implement early nutrition programs.

It's just one idea in a sea of innovation, but it gives you a sense of how creative thinking can help improve the effectiveness of aid dollars – which works to benefit of both donor and recipient.

I mentioned at the outset that this is a critical time for philanthropy. In North America, giving has grown nearly continuously every year, through every economic climate, for the past four decades. Indeed, the history of economic downturns since the Great Depression tells us that, for the most part, charitable tends to remain strong during periods of recession. The decline in donations is minimal, the recovery is quick. That's the reassuring news.

While it is too earlier for statistics, the anecdotal evidence from the current financial crisis, especially that coming from the United States, suggests this downturn might be different. Black-tie galas are being cancelled in droves. Donations to many charities and non-profits are down. Some of the most generous firms here and elsewhere are among those being hit hardest by the credit crisis and the resulting decline in stock prices.

It's being described as the perfect storm for non-profits. One charitable fund president said contributions to donor-advised funds "hit a brick wall in September." The Center on Philanthropy in the U.S. found that households with an annual income of less than \$50,000 are likely to stop giving completely as a result of the downturn.

BELINDA STRONACH

As a result, some foundations are already scaling back their grant-giving. Some charitable agencies on the ground are struggling to meet increased demand with reduced resources.

The news is less alarming on the international front, at least for now. Largely that's because institutional foundations typically work using a three- or five-year rolling average – which means next year's budgets will still reflect the asset growth of 2006 and 2007.

That said, many foundations have experienced declines in their assets that at the very least will affect their giving in 2010.

Grim news like this not only reflects real struggles – let's be honest: it also gives people an out. Even people who still have their jobs, even corporations that are still making money, may feel the urge to exercise caution, to scale back on giving.

But in a recent letter to the New York Times, the president of the MacArthur Foundation, one of the largest private philanthropies in the United States, made the case that foundations – and, by extension, individuals with the means – should maintain, or even increase, their giving in difficult economic times, even though endowments may have decreased.

As he put it: "The issues the MacArthur Foundation confronts at home and abroad — human rights, conservation and affordable housing preservation, among others — grow more, not less, urgent when the global economy is in recession... We chose to maintain our grant-making levels in past recessions, and we intend to do so again now."

I'm with them, and I hope you are too.

I for one refuse to believe that the remarkable growth in philanthropy over the past several years was a bubble of its own – destined to be popped and deflated like the dot-com run-up or the U.S. housing market. We can't allow ourselves to dismiss generosity to be a fad.

That's why I'm so energized when I hear stories about employees canceling their holiday parties and instead giving the money to a food bank. Or when I read about workers doubling their charitable giving to make up for contributions lost when a colleague was laid off. And that's why I'm so energized to be establishing my own foundation at this crucial time.

And I know that I am not alone. A very good friend of mine, Ron Joyce has done the same and he is one of this country's finest examples of how business and philanthropy can work together to do wonderful things. We all know how important the Tim Horton's camps have been to thousands of young Canadians.

It may be harder for us to achieve our goals in terms of fundraising, but there's an undeniable sense of accomplishment about doing your part when you're needed most.

As a wealthy philanthropist once put it: In many ways, giving of yourself is the most selfish thing you can do – because it feels so good to do it.

The Belinda Stronach Foundation will focus on three main areas:

- 1) On providing Canadian girls and young woman with access to the lifechanging benefits of mentor ship, empowering them with knowl edge, experience and leadership. We are pleased to be working with Leanne Nicole and Jane Shaw on a program called Girl Impact. You will hear a lot more about this initiative and many of you will no doubt want to join it.
- 2) We will also work with aboriginal youth directly to put in place programs and create opportunities that will realize the tremendous potential within these young Canadians. Together with Virgin Unite and people like Sol Guy and Charlie Coffey I am confident that we can make a difference for aboriginal youth.
- 3) And finally, the Foundation will continue to help to improve the lives of those in developing nations thru targeted campaigns like Spread the Net that is in place to eradicate malaria. You will also start to hear me talk about some of the new challenges as well like the scourge of Neglected Tropical Diseases, which remains all too common in many developing nations and affects more than 1 billion people a year.

BELINDA STRONACH

These three initiatives are united by the idea of advancing human potential through individual empowerment and social change. And I owe a debt to so many people who have contributed not only to the creation of the foundation but to my education about the world of philanthropy – which has become such an integral part of my life over the past few years.

I remember traveling to Africa with Rick Mercer and Dr. Jeffrey Sachs, standing in a small village, listening to young children talk about friends and family members who'd died from malaria. These kids we met– they were so matter-of-fact about it. Simply, tragically, this disease and the toll it takes are a part of their daily lives. And Jeff Sachs spoke as eloquently as always about a role for individuals – for people like us, and people like you. No matter how big or small our number, no matter how huge or complex the challenge, we can each make a difference.

I remember sitting with the President of Liberia, the remarkable Ellen Johnson-Sirleaf, whose country faces so many challenges – and who said to me words I'll never forget: It's not only that the children of Africa deserve a future. It's that Africa itself deserves the future these children would have. Africa deserves the help they would provide in developing and building the continent.

And I remember my journey to Haiti, where I traveled with Wyclef Jean, whom some of you will know as a member of the Fugees, and others will know as that noise you tell your kids to turn down.

Wyclef was born and lived in Haiti until he was nine. Returning home was emotional for him. The poverty was almost unimaginable. But what I'll remember most is something that Wyclef Jean said as we walked through a slum and watched people go about their lives. "The people here build something out of the nothing," he said to me. "Imagine if they were given something to build with."

To some philanthropy is a fancy word, and philanthropist a fancy title. But let's not forget what this is about: it's about helping people. People here in our city, in our country, and people on the other side of the world. Helping them to live, to grow to succeed – and one day to arrive at a place where they themselves are capable of giving back to others.

We may not know when that day will come – but it will come quicker if we actively help to make it happen.

Thank you.