

Philanthropy and the private sector



This learning comes from a retreat in June 2019 as part of the SIX Funders Node — a programme in SIX that supports philanthropic foundations from around the world to work more effectively and authentically.

Why work across the philanthropic and private sectors?

SIX Funders Node gatherings focus on the role philanthropy can play in addressing problems at their root — where alignment, building relationships and collaboration are crucial and where funders must consider their position in both the system and pervasive social problems. Yet a system too often overlooked by philanthropic funders is the private sector (outside of corporate foundations). How — and how often — are funders considering their position in relation to the private sector? This question informed the June gathering of the Funders Node.

The philanthropic and private sectors are indelibly linked. Wealth accrual through business is the source of private and corporate endowments. Today, these sectors have roles both exacerbating and redressing pressing social and environmental problems. Their relationship needs more attention.

On the one hand, linking the externalities (human and environmental) of corporate revenue generation to the impact of philanthropic dollars is an important step for funders considering their role and authenticity in systems change. On the other hand, working with the private sector has the potential for foundations to more effectively achieve their missions and work at a greater scale.

“The most important thing about alignment is agreeing what you’re going to forget”

Where are the pitfalls?

Distrust: Participants named a lack of trust — and at times active distrust — between those working in the philanthropic and private sectors. Distrust grew along two fault lines in particular:

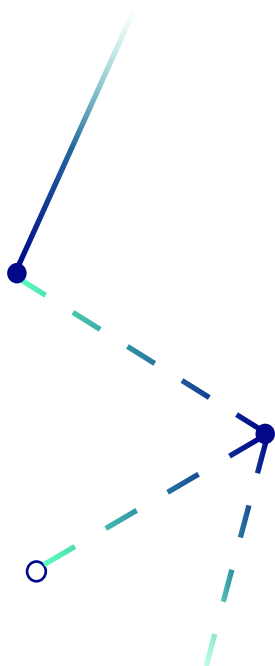
- **Motive** (purpose versus profit): Philanthropic funders often regard private sector motives with suspicion, and worry that social or environmental causes might be co-opted to pursue short-term profit or corporate benefit.
- **Drivers** (values versus value): Businesses might argue that viewed philanthropic funders are as bureaucratic and righteous, at odds with counter to the pace and efficiency of value-creation pursued by the private sector.

“We need to find the right language to talk about public value. How do we create public value? And who creates public value?”

Participants noted that the tension between value and values was seen as exacerbated by the mainstream narrative that profit equals value. They argued that we need a new language for public value that goes beyond profit generation.

- **Language and culture:** the two sectors' language and culture were identified as radically different, with a lack of intentional communication or translation between them.
- **Lack of sharing:** there are currently few spaces for the philanthropic and private sectors to come together and learn from one another, or try to collaborate.
- **Underdeveloped skills:** working collaboratively is a skill rarely invested with the necessary time and resources.

“Sometimes necessity doesn't get people going. We all have a necessity to work on environmental issues, but don't we have to reframe this as an opportunity and see the potential?”



“We can't get to opportunity or alignment without a burning platform that communicates a sense of urgency around the need for change”

What are the conditions, skills and capacities needed for the philanthropic and private sectors to meet on the common ground of transparent purpose and action?

Expanding and taking on new roles: funders need to embrace more roles than just grantmaker. This might include funding the ecosystem and supporting infrastructure for systems change; seeing their role as a multiplier of successful solutions; or supporting learning across sectors.

Sharing examples: there is scope to develop and learn from best practice (high-impact) cases of existing philanthropic-private sector partnerships. This would help both sectors overcome real and perceived barriers to working together.

Learning both ways: both sectors have much to learn from the other. The private sector has effective methods for breaking down, codifying and processing problems and possible solutions, while philanthropic funders are developing a deep understanding of complexity and systems. Can we converge and leverage both sets of expertise to achieve greater positive

A market for joint partnerships: how do we create the demand for whole systems change? How does a market for joint partnerships establish:

- A compelling value proposition?
- Accelerated yet authentic trust between stakeholders?
- De-risking the involvement of stakeholders?

Finding a shared purpose: the SDGs provide a mutual moral contract and help multiple sectors establish shared clarity of purpose — providing both a unifying theme and language — as well as some form of common accountability.

Humility: if we are intent on solving social challenges, we must accept that these are complex and often in part opaque or even unknowable. To work across sectors, silos and regions, we must identify and accept where we don't have the answers — and therefore must work beyond ourselves.