

BRIEFING NOTES

Venture Philanthropy - Dynamics, Challenges and Lessons Learnt

The East Africa Association of Grantmakers and the Global Network of Foundations Working for Development (OECD NetFWD) in partnership with the Rockefeller Foundation (Africa) hosted a learning session to launch the [*Venture Philanthropy in Development - Dynamics, Challenges and Lessons in the Search for Greater Impact*](#) study. The two hour session was held on 27th May 2013 at the Rockefeller Foundation offices from **10am- 12pm**. The session was facilitated by Bathylle Missika, the head of OECD Network of Foundations Working for Development (NetFWD) and deputy head of the policy dialogue division, OECD Development Centre.

The objective of the session was to discuss the study report and relate some of the key findings to the local context and realities.

The study conducted by the OECD NetFWD aims at examining the journey, the enabling environment, incentives and drivers that led a number of Foundations to (re)define their operating model associated with the commonly used term of “venture philanthropy”. It offers lessons and recommendations drawn from these new forms of engagement, their impact and the way they can influence or help leverage the work of other development stakeholders. The report explores case studies of leading global foundations including *the Emirates Foundation for Youth Development, the Lundin Foundation, the Rockefeller Foundation, Shell Foundation, alongside the Edmond de Rothschild Foundations, the JPMorgan Chase Foundation and the Novartis Foundation for Sustainable Development.*

Highlights from Key findings

- Venture philanthropy makes a deliberate effort to achieve both social and financial returns in development. The model provides a balance between social and financial return and is aimed at achieving the greatest impact.
- In building commercial value, venture philanthropy remains highly collaborative working with a wide spectrum of development actors including the public sector.
- Provides long-term financial, intellectual and social capital. The model is not only based of financial support but is also characterized by a high level of funder-recipient engagement through long term hands-on support in skill development and service.

This session was a continuation of deliberate conversations among local foundations on debunking venture philanthropy that began at the 2013 EAP conference in Mombasa Kenya. The conference theme sought to explore the nexus between business and philanthropy which is evidenced by the evolving concept of entrepreneurial culture of philanthropy. Venture philanthropy often fronted as a more resilient funding structure was also considered a creative model to in achieving social impact.

The conversations around the model are slowly gaining momentum with the increase of participants, interest and engagement with the public sector.

- Funding structure – long term funding commitment focused on growth and tied to measurable results
- Developing exit strategy is key to planning.

Local context of venture philanthropy

- Local foundations too are reviewing their traditional approaches to philanthropy. Venture philanthropy though not highly practiced is gaining some level of acceptance as foundations reduce their project portfolio to focus on scale and impact. More foundations are moving away from the 'cheque book' philanthropy to a more engaging and impact driven approach.
- Although not without its skeptics the model is acknowledged as an important addition to the existing approaches to philanthropy. Traditional philanthropy however remains dominant in the region.
- A recent report of a research conducted by Strathmore Business School with support from the Rockefeller Foundation "*Impact Investment in Kenya - Policy Issues*", found that there are no policy interventions to scale impact investment in Kenya.
- The space for impact investment seems to be expanding in Kenya. This is demonstrated by an increased number of global impact investors setting up operations in the country as well as the number of conversations and research work around the topic of impact investing.
- Local foundations are under pressure to achieve quick wins and measurable outputs as opposed to systemic long term outcomes due to the increasing demand for meeting immediate basic social needs such as basic education, food security and healthcare.
- Although most foundations have M&E systems in place, there are limited platforms to share lessons learnt externally. This therefore undermines the growth of new ideas such as venture philanthropy.

Issues raised

- Concern that the venture philanthropy's long term engagement and high involvement of venture philanthropists in core operations of PBOs would derail/dilute the vision and independence of the PBOs.
- While suggestions for new models of philanthropy should be encouraged, caution should be taken to ensure that organizations are not straight jacketed into blindly adopting them but rather look at aspects from the models that can be adopted to make them more efficient and effective. .
- What approach would foundations take in order to leverage on each other's strengths? How do they frame a collaborative approach so desired? How do foundations overcome unhealthy competition?

- Philanthropy should focus more on tangible, visible outputs and immediate needs of the society. Therefore any approach should also translate to direct social value to their immediate communities.
- Care should be taken to ensure that philanthropy is not seen to replace or take over the roles of government in providing social services to citizens. Philanthropy should only play a complimentary role in supporting the public sector which is rightfully mandated to provide social services.
- Contrary to the notion that foundations are risk takers there is evidence that foundations would still be careful as to the level of risk they want to take hence venture philanthropists apply due diligence in selecting investments.
- The venture philanthropy process should accommodate and give priority to immediate communities actors.
- Foundations rarely share information and data critical for learning which is a key component in measuring results.

Recommendation from the discussions

- Need for more conversations on venture philanthropy to have a better understanding of the model and how the same can be adopted to increase impact.
- Continue to engage government representatives in these discussions to built trust and reassure them that the sector is not taking up their role in social service provision but partnering to compliment them.
- Need for multi-stakeholder collaboration in M&E , learning and data sharing

Proposed Action Plan

- Create a working group to learn, engage and advocate for a venture philanthropy model in the region with an objective to generate a policy recommendation/proposal for scaling venture philanthropy in East Africa