









New Forms of Philanthropy: Are We Going Too Far? Virginie Xhauflair

FBN Code of Conduct

Trust and Openness

The Network is founded on the principles of open communication and trust

Active participation by members is the vital ingredient that makes the Network valuable

Confidentiality

Members are committed to sharing experiences and insights in an atmosphere of confidentiality

Discussions and debates are always conducted in a respectful and professional manner

Non-Solicitation

The Network is not a place to sell products or services to other Appropriate behaviour is expected at all times. To report bad members. It is a forum to learn from the exchange of ideas, conduct, please email summit@fbn-i.org experiences and information

Appropriate behaviour

Respect & Professionalism

Participation





A little about myself...

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Master en Management des Entreprises Sociales

VOIR LA BROCHURE

- Center for Social Economy, created 25 y. ago by Jacques Defourny, within HEC Liège, Liège University
- Pioneering research on models, management and financing of social enterprises
- 3 sponsored chairs, of which the Baillet Latour Chair in Philanthropy and Social investment



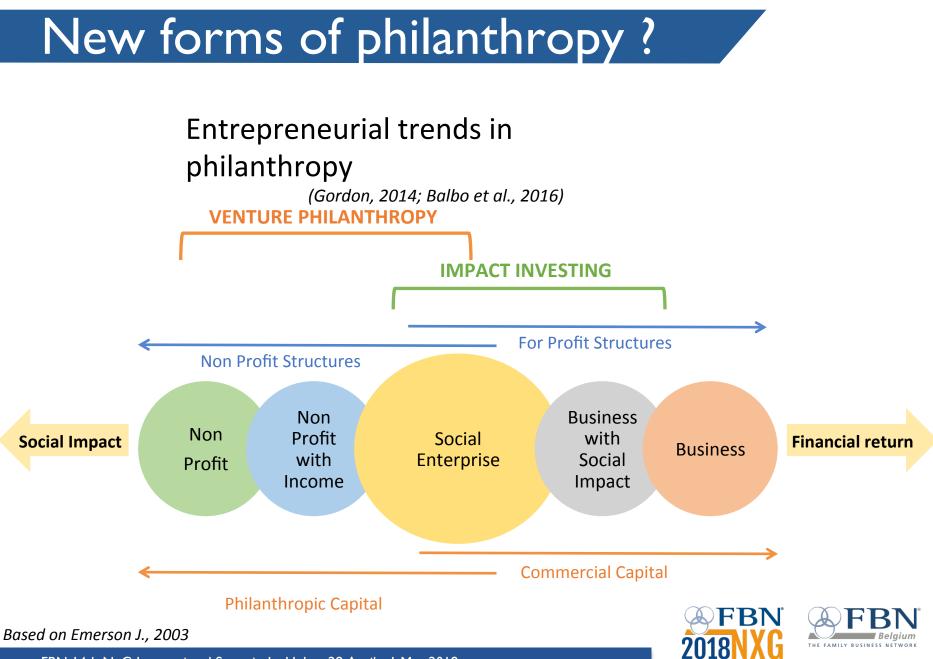
www.ces.uliege.be



RESEARCH Social Enterprise and Business Ethics







YEAR OF THE NXG

Evolutions in organized philanthropy

Mair & Hehenberger, 2014 Höchstädter & Scheck, 2014

We make a living by what we get, but we make a life by what we give by what we give

Traditional philanthropy

« Hands-off support of projects in the form of grantmaking »

« supporting intitiatives that tackle the root causes of social problems »

Venture Philanthropy

« prescribes investments and hands-on involvement in the management of organizations carrying out social projects »

« key to solving social problems is making social purpose organizations more efficient and effective »



INVESTING with

Impact Investing

« involves the provision of financial resources for a financial return »

« also aims to have social and environmental impact »

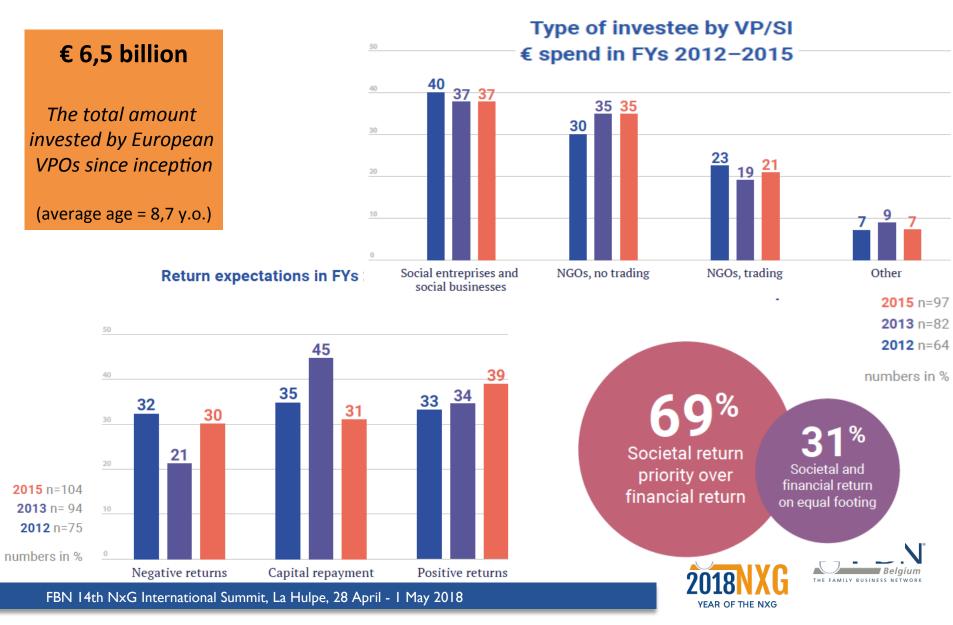
« an asset class on its own »





A few key figures

Source: EVPA Industry Survey, 2016 n=108 FY= 2015



Next-gen, the impact generation

"Young donors are reinventing philanthropy" (Phillips & Jung, 2016)

Next-gen donors (Moody & Goldseker, 2013)

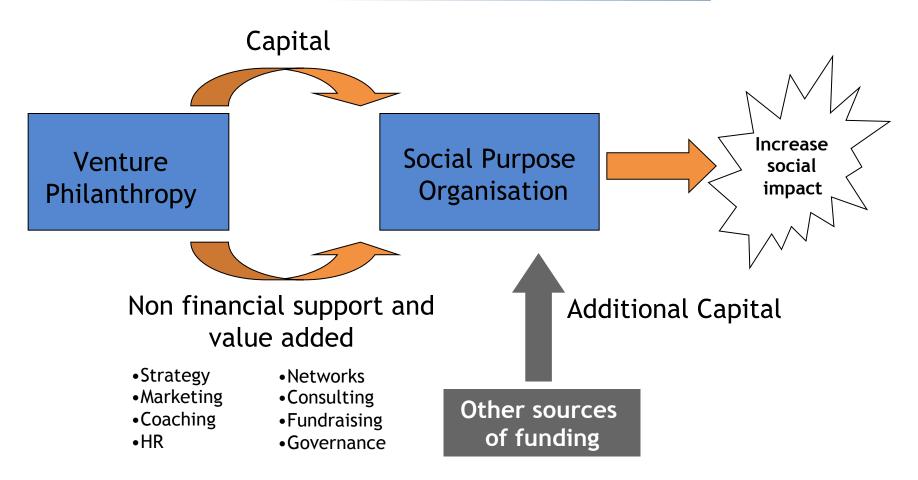
- Will face more complex social issues in their lifetimes than their predecessors.
- Seek a balance between their legacy and their desire to explore new philanthropic tools.
- Are more focused on impact and strategy than the previous generation.
- Want to be networked people, sharing their philanthropy with their peers.

They are also (BNP Paribas Individual Philanthropy Report, 2017)

- Increasingly interested in using innovative financing tools and market models such as equity investments and loans.
- Channeling philanthropic funds into for-profit organizations, using marketbased models to tackle social problems.



How VP adds value to SPO's







« VP as high engagement philanthropy » (Letts et al., 1997)

helps create and grow **stronger** and more **sustainable** social enterprises that solve current social issues, through

- Professionalization of the SE
- Reinforcement of organizational capabilities and resilience
- Scaling-up
- Measuring and monitoring social impact for increased social returns
- Financial sustainability



The ideal world of VP...

enga partner partner trust coperative engagement partnership disuble trust cooperative gagency process bstewardship

... is not without potential flaws and temptations !





Issue I: Blurring boundaries

« Whatever the business model, the most important is having impact »

Are we sure of it? Because...

- The spectrum of businesses with impact is much broader than social enterprises' business models
- SE's models are also characterized by specific governance and management practices : democratic and/or participative governance, limited redistribution of profits, stakeholders management, etc.
- Those practices also impact the well-being of the stakeholders network, therefore the total impact is much larger than the impact of products and services





Issue 2: Reducing the biodiversity of SE ecosystem

- VP's focus on earned income SEs, or with potential to do so
- Risk of mission-drift with the development of revenue generating activities
- « Broken pipeline »: lack of investment-ready deals
- Isomorphic temptation of social entrepreneurs to meet the VPs expectations
- Risky reliance on private actors and market forces to achieve a large scale social impact



Issue 3: What impact?

- Implementation by SEs of impact management and measurement instruments
- Beyond efficiency improvement, requires scaling-up of the SEs activities
- Cultural shock and pressure on the social entrepreneur, with a risk of mission drift
- VP's social return expectations are sometimes unrealistic
- Timescales may be utopian as well
- Risks of selection bias, casting aside missions and SEs with potential



Session Survey!



