



Arabella
Advisors
Greater good

IMPACT2014

What the experts say about making a difference in the new year

ABOUT ARABELLA

Arabella Advisors helps philanthropists and impact investors achieve greater good with their resources. We can help you use all your assets—grants, investments, relationships, and time—to maximize your positive impact. Our comprehensive and personalized services deliver results for individuals, families, foundations, impact investors, and corporate clients worldwide.

About Impact 2014

Recent events have brought home just how many ongoing social and environmental challenges our sector will face in 2014. With that in mind, Arabella asked some of the greatest thinkers and most dedicated people in philanthropy to share their insights about what donors should know in the coming year. From ways we can better frame our stories of success to engender more of it, to outlining opportunities to improve access to post-secondary education, invest in healthy communities, and advocate for our environment, to strategies for engaging the voices of women and Latinos, these pieces point us toward smart, timely strategies for lasting impact.

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ERIC KESSLER

Arabella Advisors

As founder and a managing director of Arabella Advisors, Eric Kessler has built a social venture firm dedicated to making philanthropy more effective. His client work at Arabella includes philanthropy strategy, evaluation, foundation management, and project execution.

Impact 2014: Ideas for Creating Greater Good in the Coming Year

As philanthropists, impact investors, and social entrepreneurs think about how to generate impact in 2014, we asked some of our field's leading thinkers and practitioners what they should know.

Let's face it: the social sector has its work cut out for it. The events of the past year have brought home just how many ongoing challenges we face, from unequal opportunity to a fraying social safety net to a changing climate. And we face these challenges in the context of accelerating innovation, political gridlock, and an economic environment that continues to compel us to do more with less. Thankfully, a large and growing group of people worldwide want to use their resources to help achieve greater good. By analyzing our successes and failures, working across sectors to fill gaps, and committing to solutions that are proven to work, we can discover new ways to increase our cumulative impact.

With that in mind, we at Arabella used our networks to reach out to some of the greatest thinkers and most dedicated people in philanthropy—people who inform the work we do each day. We asked them to share their insights about what philanthropists should know in the coming year as they seek to address these challenges and take advantage

of emerging opportunities. Through the first three weeks of December, Arabella ran Impact 2014, a series of short pieces on our Greater Good blog. Our contributors, including David Bornstein, Charlize Theron, Greg Gunn, and a dozen others, were kind enough to share their thoughts and insights with us. They have weighed in on ideas ranging from new approaches to climate change to the powerful role journalism can play in advancing social change to the importance of working with communities to achieve lasting change from the ground up.

Whether you read our blog because you are a client, a colleague, a partner, or someone else who cares about what we can do to advance greater good, we hope these posts will help inform and inspire your work and lead you toward increased impact in 2014 and beyond. We invite you to share each post or even the whole series with anyone else who may be informed or inspired by it. You can also join the conversation on the [blog](#) or on Twitter using [#AAImpact](#).



CRISTÓBAL J. ALEX

Latino Victory Project and the Latino Victory Foundation

Cristóbal J. Alex is the president of the Latino Victory Project and the Latino Victory Foundation.



HENRY R. MUÑOZ

Muñoz & Company

As CEO of Muñoz & Company, the largest and oldest minority-owned design practice in Texas, Henry Muñoz has pioneered an approach to architecture, design, and media that acknowledges the rapidly shifting demographics of the United States. In January of 2013, Muñoz was elected national finance chairman of the Democratic National Committee.

Engage Latinos to Effect Change

To meet many philanthropic goals, funders need to support Latino civic and political representation.

The 2012 presidential election marked a milestone for Latino political participation. More than 11 million of us voted on November 6. And for the first time ever, Latino donors became deeply engaged in a presidential election through the **Futuro Fund**, which raised \$32 million from 150,000 individual Latino donors. Eva Longoria and Henry, along with key partners, launched the Futuro Fund because they knew it was important to show that Latinos could be difference-makers at the highest level of our democracy—not just by voting in record numbers but by flexing our financial muscle too. As a result of this dramatic increase in political participation, immigration reform is now being fiercely debated in Congress.

Yet, while a record number of Latinos voted during the 2012 presidential election, 12.1 million Latinos who were eligible to vote stayed home. Of those, 9.6 million were not registered to vote. This disparity in Latino political participation is one reason for the dearth of Latino elected officials. While the Latino population grows, the number of Latinos elected to public office remains dangerously low. In the current Congress, only 28 members of the House of Representatives are Latino when more than twice that number would reflect the percentage of Latinos in the national population. The statistics are even

worse in other legislative bodies across the United States.

The fact that Latinos aren't fully reflected in our democracy and in our government means that Latino values are left out of the most important policy decisions of the day, with stark implications for the future of our country. Put another way: if you want to see a future in America where more of the outcomes many philanthropic funders care about become realities, we need Latino civic and political representation commensurate with our share of the population.

That's why Eva and Henry have co-founded the Latino Victory Foundation, an ambitious, non-partisan effort to build political power so that the faces and voices of Latinos are reflected at every level of government and in the policies that drive this country forward. This new organization, housed at the **New Venture Fund** and run by Cristóbal, fills a void in the Latino and progressive infrastructure. For the first time an organization will engage Latino voters and Latino donors—in addition to developing Latino leaders—in order to elevate and advance progressive Latino values.

Not only will engaging Latinos help strengthen our democracy, it will help position us for positive long-term policy impact in a variety of areas funders care about. For example,





Latinos are more interested in environmental issues than any other demographic group, especially those regarding clean air and water.

Almost unanimously, we see climate change as a threat that must be dealt with now.

But with such little Latino representation in government and, thus, in policy development, this voice for a clean environment is silenced. The same is true for other values Latinos tend to care about, such as access to health care, high-quality education, an inclusive and vibrant economy, and a strong and effective government.

To address this gap, we need to:

- Support Latino leadership development to increase the number of Latinos who are prepared to develop and shape public policy
- Spotlight issues and increase voter engagement to raise awareness of Latino values in critical policy debates and increase Latino civic participation in order to shape the national narrative on issues of importance to Latinos
- Develop research and critical data, increasing our understanding of Latino

civic participation, building a narrative on Latino values, and tailoring public education messages and campaigns to increase Latino civic participation

If, together, we are successful, Latino values will be reflected in the policies that drive this country forward. That means the United States will continue to be a land of opportunity, where immigrants come out of the shadows and are equal participants in our economy. It means that our democracy will work for everyone because voting rights are protected and cherished. It means that our air and water will be cleaner and safer, that people will be healthier and better off because they have access to health care and high-quality education, and that the government will play a critical, supportive role in the lives of the citizens it serves.

This result is not self-executing. Demographics are not destiny. We must work with urgency to increase Latino civic engagement, shape the public narrative on Latino values, and develop leaders who can advance progressive policies. That's why we founded the Latino Victory Foundation—and why we hope you will join us on our journey.





LOUIS C. BOORSTIN

Consultant

Louis Boorstin is an experienced leader and innovator in the international development and impact investing sectors. He is currently advising several international organizations on effective implementation approaches and innovative financing. Louis founded and served as deputy director of the water, sanitation, and hygiene program at the Bill & Melinda Gates Foundation from 2005 to 2013. Prior to that, he worked at the International Finance Corporation, part of the World Bank Group, where he held a number of positions, including manager of environmental finance from 1997 to 2004. Louis holds a BA in economics from Yale University and an MBA and MA in development economics from Stanford University.

To Scale Impact, Funders Must Understand the Systems in Which Grantees Operate

Mapping the universe of stakeholders can help funders and others identify the most effective drivers of change.

Success in philanthropic work is defined by impact (creating measurable improvement in the lives of people you want to help), sustainability (ensuring the work you're supporting will last a long time), and scalability (making sure the approach you're funding has the potential to reach many people). While it's important to bear all three goals in mind, this post will focus on a critical, but often overlooked, element to achieving scale: an in-depth understanding of the system of key players and functions that are involved in delivering the services or products you are supporting. Investing in an organization or intervention without understanding the system in which it operates is like navigating without a map: you may get where you want to go by good luck, but more often than not you'll end up heading in the wrong direction.

Most people who have worked in a field for some time have a picture in their heads of the system in which they operate. But fewer actually draw it out on a diagram, and fewer still take the next step to map out explicitly the relations among the parties in the system. Going through that exercise highlights the motivations and incentives that drive the key

parties, which in turn reveals the dynamic nature of the system: what decisions need to change over time in order to arrive at different, and better, outcomes?

As an example of how this works, the diagram below illustrates the system in the international water and sanitation sector. The most important people—the households in need of improved water and sanitation—are at the left. Three other categories of players—product and service providers, regulators and policymakers, and funders and influencers—are arrayed to the right and grouped according to their locale: local, national, regional, or global.

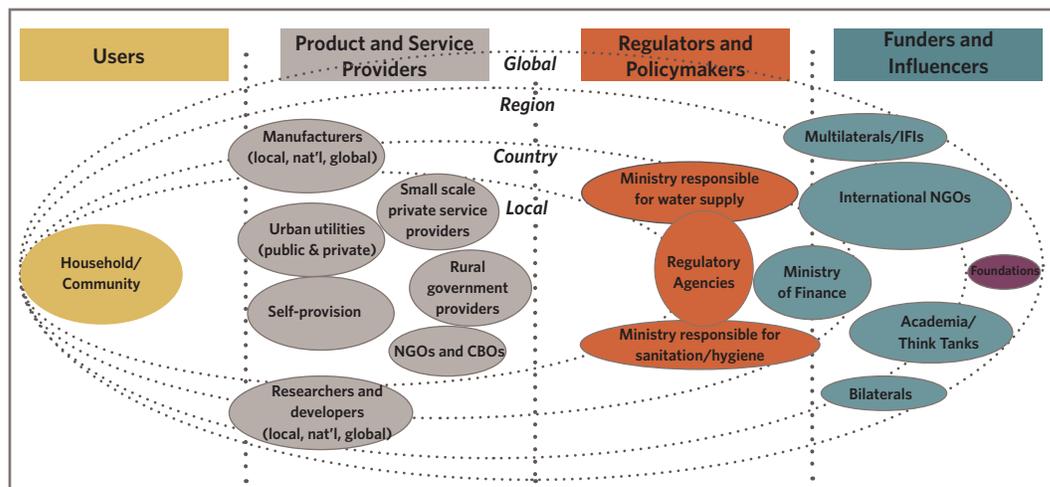
At the far right of the diagram lies a small purple oval, foundations, providing a stark illustration of: a) how far philanthropists are from the people they want to help, b) the complexity of the system that lies in between them (even in this very simplified view), and c) why it's so important to understand that system if you want to make a lasting difference at scale in people's lives. Indeed, in-depth mapping and analysis of the key relations between the actual parties in a specific location generates insights into the current



barriers to progress and the potential drivers for change.

of supporting the type of catalytic work that can make a difference at scale. This is because

The Water and Sanitation Sector System



For example, CEPT University in Ahmedabad, India used this approach to develop a **common performance assessment framework** for the delivery of water and sanitation services in more than 400 municipalities in the states of Gujarat and Maharashtra. CEPT’s work has both improved access to these basic services for the poor and attracted \$300 million in government funding for the program. Another organization, **Water and Sanitation for the Urban Poor (WSUP)**, starts its work in every city by carefully mapping all the key stakeholders and their relationships. WSUP then applies this knowledge to facilitate better service provision for the poor through capacity building, demonstration of financially sustainable service delivery models, and improvement in working relationships among the key players.

Informed by this type of understanding of the system in which a grantee is working, philanthropists have a much greater likelihood

they can place the work they are funding in a broader context and assess whether an organization is working in a way that can be replicated and grown, be it through traditional service delivery or more innovative approaches. The systems view is also consistent with strategic tools such as theory of change (what needs to happen to make the whole system work better?) and theory of action (what’s the role of my organization in achieving systems change?).

Taken from this perspective, the role of the philanthropist is not just to fund specific projects designed to scale up particular solutions. Rather, the funder can assess the scalability of any approach, whether a small pilot or a large program, by understanding where it fits into the system and how it will improve the performance of that system. Equipped with that type of map, the likelihood of navigating toward sustainable solutions at scale is much higher.



DAVID BORNSTEIN

Solutions Journalism Network

David Bornstein is a journalist and author who focuses on social innovation. He co-authors the “Fixes” column in the New York Times Opinionator section, which explores and analyzes potential solutions to major social problems. He is the co-founder of the Solutions Journalism Network, which supports journalists who report on constructive responses to social problems. His books include *How to Change the World: Social Entrepreneurs and the Power of New Ideas*, *The Price of a Dream: The Story of the Grameen Bank*, and *Social Entrepreneurship: What Everyone Needs to Know*. He is currently completing a book on social innovation in the United States and Canada. He lives in New York.

Solutions in the News

The real world isn't just a series of hotspots and crises; it's also a rich landscape of adaptive responses. By better telling stories about solutions, a new brand of journalism can help us all increase our impact.

What if it were possible to save the lives of thousands of **premature babies** in the developing world with a simple change that costs nothing?

Or to dramatically reduce **chronic homelessness** using a process that any city can replicate?

Or to help teachers change their method of instruction so that virtually every child experiences **success in math**?

Actually, these things are possible. In fact, they are happening in a variety of settings, with consistent results.

So, why is it so hard to imagine problems actually being solved?

Because, outside of business, we don't have a clear picture of what successful problem solving looks like. In recent decades, there has been a big increase in the number of people around the world who are **mounting powerful and effective social change**. However, we rarely see solutions explained in the news. We don't provide citizens, policymakers, or philanthropists with reporting that helps them understand **where and how innovation is happening**, and how they, too, can respond to social ills in the most effective ways possible.

Just the opposite. We dwell on problems rather than on the creative responses to those problems. The feedback system known as journalism is predicated on the idea that the way to improve society is to show people where we're going wrong. It's like pointing out your children's mistakes every morning and then expecting that they'll become better people. As a result, our image of the world is a place dominated by **violence and scandal and corruption**. Such an image inhibits the spread of useful ideas and contributes to a collective sense of fear and mistrust.

Could news organizations evolve to become part of a communications system that identifies problem-solving knowledge wherever it exists and makes sure that it is circulated far and wide?

We believe so. For the past three years, my colleague Tina Rosenberg and I have been writing a weekly column in the *New York Times* called “Fixes,” which looks at potential solutions and examines how they work, drawing on the best available evidence of impact, and noting strengths and limitations. It's not “good news” or “feel-good journalism” but an effort to highlight examples that we might all learn from.





The upshot: it's possible to do far more serious and detailed reporting about important social issues—and to get those stories out to wide audiences, where they can catalyze constructive civic discourse and **spark changes**. Last year, we teamed up with other journalists to launch the **Solutions Journalism Network**, which legitimizes and spreads the practice of “solutions journalism”—rigorous reporting about responses to social problems.

It's a new approach, and we have much to learn. But the reception to date has been surprisingly positive among many mainstream news outlets. In October, with the support of the Gates and Knight Foundations, we started working with the *Seattle Times* on a year-long reporting series called “**Education Lab**,” which explores **solutions to public education challenges**. This is one of several initiatives we're pursuing to advance this framework and we will be tracking its impact carefully.

The time is ripe. Because of the crisis in journalism, we now have a rare opportunity to challenge old assumptions and build something new. Philanthropists can play a

key role in enabling news organizations or independent journalists to take deep dives into solutions-oriented journalism on a regular basis. This kind of storytelling is essential for citizen engagement and societal self-correction. Such a change would not only reposition news organizations as sources of intelligence for anyone interested in tackling social challenges—from policymakers to philanthropists to students—but would also create a more rational and real-time learning loop for society.

The implications for democracy are profound. The journalist Walter Lippmann wrote: “The way in which the world is imagined determines at any particular moment what [people] will do.” How much energy and creativity could be unleashed if people had daily access to information that allowed them to imagine society as it really is—not just a series of problems and hotspots and crises, but a rich landscape of adaptive responses, too?

The historic moment to make this change has arrived. A crisis should never be wasted!





AUDREY BUCHANAN

Summit

Audrey Buchanan is a partner, curator, and director of content and partnerships at Summit. She drives social, digital, and partner ventures for Summit and oversees web development projects. In addition, she helps direct content and programming at Summit Series conferences, salon dinners, and weekend retreats. For the last four years, Summit has gathered millennial leaders who are actively trying to make the world a better place. In 2013, Buchanan was named one of GOOD magazine's top 100 innovators and entrepreneurs pushing the world forward. Buchanan is also a founding architect and board member of NPR's Generation Listen.

Attract Supporters and Advance Your Mission with Authentic Communication

Real talk and genuine voices will gain you allies and ensure your important messages are heard.

In order for foundations and philanthropists to build solid communities and partnerships, it's crucial that they operate with authenticity and convene real conversations. By doing this, organizations have the power to attract loyal supporters who will, in turn, represent and elevate the organization's values and message. As with so many things in life, all it takes is human connection and great communication. Easier said than done, no doubt. But here are three ways you can do it.

Give your message an authentic face. Just as Gandhi instructs us to "be the change" we wish to see in the world, I say be the face of the movement that you want to create, the fire that you want to light in someone. Loyal supporters, donors, and ambassadors all want to feel connected to a person. You can build rapport with a person, but it's hard to build rapport with a faceless organization that only communicates through email blasts and requests for support through social media. There are simple practices you can employ to authentically and meaningfully connect with the community you want to reach:

- Empower your entire staff to represent your organization, especially with regard to parts of your mission and message that matters most to them.

- Feature staff social media accounts that represent the people who make your organization unique.
- Send all levels of team members to industry events and gatherings.
- Let your supporters' stories and insights inform your strategy and messaging.

Find your voice. As consumers, we've heard every pitch in the book. Supporters want to hear you speak in straightforward, genuine terms that resonate with their humanity. Too many organizations lack the confidence that their message or ask is worthwhile, and they therefore over-sell the concept with verbose emails. Instead, supporters want to receive personalized communications that offer the same warmth that you'd use to approach a friend. If you build this sort of solid rapport with your community, you don't have to say much more than, "Be here at this time, for this conversation, looking forward to seeing you there." Ways to establish that rapport include:

- Avoid canned marketing speak.
- Be as transparent as possible—it will engender supporter loyalty.
- Make a game-changing impression with the quality of your content.



- Save your communication for the few times that you have something important to say.

Convene real conversations. Nothing stifles genuine and effective exchange of ideas like a bland conference room, bottled water, stale cookies, and PowerPoint presentations. I find that the discussions we convene at **Summit** are some of the most influential forums we provide. We learned early on that the traditional broadcast model of education—someone lecturing at an audience from a stage—didn't elicit the personal, emotional engagement we wanted. We found that the most powerful solutions are born out of passionate people sitting in the round, at eye-level, which better allows them to provide insights that drive the conversation forward. Here are other ways to foster real conversations:

- Focus on the environment in which you convene people. An intimate location, soft lighting, intentional seating, and natural sound amplification are your best bets.

- Consider setting the rules for engagement before the conversation begins. Establish that it is a space where all questions have value, and have all participants agree to be respectful of each other's points of view, to seek positive solutions as opposed to unnecessary debate, and to focus on one conversation at a time.
- Invest in a skilled facilitator or host who can draw out all the participants and let their ideas take center stage.
- Recognize that your organization's perspective is just one voice among many and listen, and learn from, others in the room.
- Invite people who have nothing to do with your field. Even better, put people who actively disagree with your position on the invite list.

Real conversations lead to rapport, and rapport leads to relationships with long-term engagement. Those solid connections are what will drive true and lasting impact.



TINA CASTRO

The California Endowment

Tina Castro is the director of impact investing for the California Endowment, where she is responsible for making investments that align strong financial return with meaningful innovation and social impact.



ANTHONY ITON

The California Endowment

Anthony Iton, MD, JD, MPH, is senior vice president for healthy communities at the California Endowment. In the fall of 2009, Iton began to oversee the organization's 10-year, multimillion-dollar statewide commitment to advance policies and forge partnerships to build healthy communities and a healthy California.

Improve the Health of Communities through Impact Investments

Funders and investors who want to improve health outcomes and reduce health-care costs should consider investing in the social determinants of health.

Skyrocketing health-care costs, and the disproportionate burden they place on low-income people and ethnic minorities, reveal one of our most significant injustices even as they pose one of the greatest dangers to the US economy. The conditions in which people live and work, and the extent to which they are (or aren't) economically empowered, have such a significant impact on people's well being that they are a fairly accurate predictor of how long they will live. These conditions—the economic, social, and natural environments of a community—are known as the social determinants of health, and they represent the most promising avenue for improving health and reducing health-care costs while simultaneously presenting a wide-ranging spectrum of investable opportunities for health-focused impact investors.

In recent years, the public sector has increasingly operated in a reactive mode and has largely failed to invest in and maintain resources and strategies known to protect health. Harnessing the power and creativity of private capital and aligning it with proven prevention strategies is perhaps the most important social and economic challenge facing our country today. Supporting initiatives that increase access to healthy food, create

affordable and supportive housing, encourage transit-oriented development, and shore up supportive financial services and community facilities such as clinics, schools, and child-care centers can be savvy investments and can significantly improve a community's health. For example, investing in expanding access to healthy food not only helps reduce diet-related diseases like diabetes and high blood pressure, it also helps to drive local economic development benefits such as job creation and small business attraction in low-income, underserved communities. Investments in quality, affordable housing that provides supportive services such as job training, child care, or substance abuse programs help people live healthier and more productive lives while also reducing the overall cost of care. Investments in transit-oriented development help create walkable, well-lit communities that lead to reduced environmental pollution, more regular physical activity, and increased public safety.

No matter how experienced you are at impact investing or what issues are most important to you, the health-care space offers many approaches to help you meet your philanthropic goals. These approaches can include a sectoral focus such as food, housing,



or transit-oriented development, as well as a geographic concentration: local, state-wide, national, or international. Additionally, investors can make a strategic choice either to invest directly in projects or companies or to invest in co-mingled or structured funds.



Investors who are just getting started should ask themselves what specific impact they want to achieve and what their expectations are for risk and return. More experienced impact investors may consider asking themselves whether they can achieve greater scale and leverage, and thereby greater impact, by creating and/or participating in a capital structure that reduces risk for other investors. Specific health-care investments along this continuum of approaches include:

- Participating in loans alongside community development financial

institutions (CDFIs) to expand, renovate, or provide working capital to community health centers

- Providing subordinate or leveraged debt for structured funds trying to increase access to healthy foods, such as the **California FreshWorks Fund**
- Providing patient venture capital to start-up companies whose products have the potential to significantly lower the total cost of care or substantially improve access to care for underserved populations, such as the **CHCF Health Innovation Fund**

By making smart, strategic investments in the determinants of health, impact investors have an opportunity to make good health happen in communities that need it most.





JIM FRUCHTERMAN

Benetech

Jim Fruchterman is a leading social entrepreneur and CEO of Benetech, a nonprofit technology company based in Silicon Valley. He is a former rocket scientist who develops technology to address unmet social needs. Fruchterman founded Benetech in 1989 to produce reading machines for people who are blind. Since then, Benetech’s work has grown to include multiple program areas and the company now develops technology for people with disabilities, as well as for the human rights and environmental movements. Fruchterman has received numerous awards, including a MacArthur Fellowship and the Skoll Award for Social Entrepreneurship. He believes that technology has the power to improve—even transform—the lives of people all across the world.

Nonprofit Advocacy Can be a Force Multiplier for Social Change

Circumstances compelled a nonprofit tech entrepreneur to get more involved in policy and advocacy work in Washington, DC. That’s when he realized just how critical such work can be for creating social change at scale.

For many years, people frequently suggested that Benetech, the nonprofit tech company I founded and lead, get more involved in Washington, DC policy and legislative action. “Isn’t that where good ideas go to die?” I’d say, dodging the recommendations. Our longest-term donor, the **Skoll Foundation**, went so far as to introduce me to a DC-based advocacy firm. My reaction was that this kind of advocacy work was one luxury we really couldn’t afford.

I was wrong.

You see, several months later, the federal Department of Education challenged us to compete against a well-respected national nonprofit sixty times our size in a bid to provide accessible educational materials for US students who are blind, dyslexic, or otherwise print disabled. Against all odds, we—a novice bidder with a less than \$1 million-a-year program—won a five-year, \$32.5 million contract to do just that. We were elated and eager to get to work.

It turned out, however, that we were too quick to rejoice. Multiple senators called the secretary of education asking for explanations of how earmarked funding ended up in the hands of “nobodies from California” who had

never lobbied Congress. We were up against immense political pressure to rescind the award.

That’s when I called that advocacy firm, a “luxury” that soon became indispensable. I was surprised to find that advocacy wasn’t just about politics and pressure. I met key congressional staffers who deeply cared about disability issues, and who had comprehensive knowledge of the issue. We didn’t have to convince them that students with disabilities had important needs. Instead, our biggest challenge was convincing them that our approach was the best approach for meeting those needs.

We’ve since learned many lessons about the multiplier effect of advocacy. For example, we recognized that congressional staffers, elected officials, and political appointees across the spectrum with few exceptions are excited about innovative approaches that better solve a social challenge with the same (or less!) money than existing approaches. We’ve learned that there’s immense power in showing up in Washington with new ideas based on actual performance in the field—and that Washington is no less technical than Silicon Valley; the difference lies in what the famous scholar and activist **Larry Lessig**





describes as “East Coast code” (laws) vs. “West Coast code” (software). Like many philanthropists and social entrepreneurs who are eager to make large-scale change, we found that redirecting government policy and funding to more effective approaches offers tremendous leverage for realizing national (and international) impact.

Fast-forward six years. **Bookshare**, our accessible online library, has reshaped the accessibility field and now serves over 250,000 members (the majority of whom are US students) with a collection of nearly 220,000 (and counting) accessible books—the world’s largest repository of its kind. When students with disabilities need a book for school or simply want to read the same book as their peers without disabilities, they are likely to find that title—in the format of their choice—in Bookshare, with Benetech

delivering it for less than one-fifteenth of the cost of traditional approaches.

Bookshare today is part of a broader effort by Benetech’s **Global Literacy Program** to improve the lives and learning of students with the biggest challenges. Policymakers now recognize the quality and impact of our work, and our expertise is often tapped, to great success, in legislative and policy discussions of crucial topics in education, technology, human rights, diplomacy (including treaties), and innovation.

Benetech was founded to be a different kind of Silicon Valley tech company—a nonprofit dedicated to creating social change at scale. Advocacy, we’ve recognized, is essential for realizing our vision of a world where the benefits of technology reach all of humanity, not just the richest five percent.



Three Pillars of Significant Impact

By committing to three fundamentals, philanthropists can position themselves to effect the changes they want to see.

GLEN GALAICH

The Philanthropy Workshop West

Glen Galaich, PhD, has led TPW West since 2009. TPW West provides lifelong strategic donor education and networking, substantive engagement with philanthropic communities, and encouraging environments for philanthropic innovation. Galaich's career in strategic philanthropy started over a decade ago with the founding team of the Global Philanthropy Forum. He also served at Human Rights Watch as the deputy director of development for North America, where he had strategic oversight of the Human Rights Watch Council, a network of supporters and opinion leaders committed to raising money for, and awareness of, human rights in five major cities.

For nearly two decades, numerous foundations, consultancies, and individuals have taken on the challenge of advocating for, and developing new models of, strategic philanthropy. The goal has been to curtail the issues created by donors who react to appeals without researching the field and spread themselves too thin without a plan for achieving impact. While that goal is laudable, such philanthropy has also led to an explosion of new organizations that overlap with existing, proven entities and initiatives; questionable outcomes; and confusion about how philanthropy achieves impact on critical social problems.

As a field, we need to do better if we are to make headway on the critical social and environmental challenges we face. The good news is that several entities exist that can help new and existing philanthropists recognize and overcome the obstacles to real impact. For over two decades, **The Philanthropy Workshop** (TPW) has had the unique opportunity to educate, and learn from, some of the world's most effective philanthropists. Drawing upon this collective wisdom, we now appreciate that making a difference—creating positive, lasting change—requires constant focus on three primary pillars: knowing your

problem, giving it your all, and committing to lifelong learning.

1. Know Your Problem. We have learned that philanthropists who make a measurable difference on challenging issues continually ask “why” until they understand the root causes of the problems. They seek to learn which solutions have worked best, which have failed, and which could work better. This quest for knowledge often leads them to become expert in their fields of focus, making them true partners who are willing to invest in organizations and enterprises that advance promising solutions.

2. Give it Your All. Philanthropists who seek to make a significant impact on a complex problem don't limit themselves to writing a check. Using our TPW network members as examples, they not only make dynamic financial investments to help advance solutions but, just as important, they invest their time and talent and mobilize their networks. They inventory the way they spend their time—like board service, hobbies, and travel—and consciously align it to the impact they seek to achieve. When it comes to financial investment, they activate their entire portfolio by moving their full asset allocations



into impact investments. Beyond their grant budget, they move their cash, equities, and debt into impact opportunities. When you activate all of your assets of time, talent, treasure, and networks, leveraged impact takes shape.

3. Commit to Lifelong Learning. For anyone entering into strategic philanthropy, the immediate lesson you draw is the need to learn and absorb as much information as possible about the problems and solutions in your space. The most effective donors embrace the excitement of learning about their space and staying abreast of the most impactful and innovative models. TPW network members pursue lifelong learning. Beyond the several weeks they commit in their first year in the network to learning every aspect of a strategic approach to change, they continue to participate annually in refresher courses, international trips, public-policy-focused workshops in Washington, DC, and small group meetings with their fellow members for invaluable peer-to-peer learning.

We are called upon constantly to advise on information sources and experts (like Arabella

Advisors) to assist them with a field scan or a strategy revision. Situations shift and interventions become dated or obsolete, so regularly accumulating knowledge, information, and data helps you achieve more. Reflecting back just five years, we can see dynamic collaborative models emerging that enable funders, grantees, and other stakeholders to work together toward shared goals, as well as innovative financing vehicles like social impact bonds that enable funders to use more of their resources in pursuit of the impact they seek. Those who stay on top of these promising trends continually learn to achieve more.

Significant impact is possible by committing to a few fundamentals. Know your problem, give it your all, and commit to lifelong learning. Times have changed for the better and more of our most influential and dynamic donors are embracing these pillars. The more they do so, the better positioned we will be, as individuals and as a field, to have the impact we envisioned when we first imagined philanthropy's possibilities.



GREG GUNN

City Light Capital

Greg Gunn is an entrepreneur in residence at City Light Capital, where he focuses on early stage investments in educational software and services companies. He also serves on the faculty of the Harvard Graduate School of Education. In 2000, he co-founded Wireless Generation (now called Amplify), a leading educational software company now serving more than three million children with groundbreaking assessment and instruction products. Gunn also has experience teaching mathematics, physics, and computer science from grade four through postgraduate level. Gunn holds a MA in physics from the University of Chicago and an MBA and MS in computer science from the Massachusetts Institute of Technology. He attended Oxford University as a Rhodes Scholar. He was named one of Fast Company's "100 Most Creative People in Business" in 2012.

Transforming Higher Education to Boost Student Success

Funders and investors can help millions more students find their way to fruitful careers—and millions more adults contribute their best to the economy—by supporting work that promises to transform higher education.

For many decades in America, families have believed that obtaining a college degree was a path to financial success and upward social mobility. However, for millions of students—particularly low-income students and those who have been poorly served by their K-12 educations—higher education has become just another system that is failing to give them the opportunities they need to succeed professionally and financially. Three important trends have conspired to cause this crisis in higher education:

The cost of degrees has been rising faster than career salaries—so much so that some degrees may not actually be worth what students are paying for them, and in many cases lead to overwhelming amounts of long-term debt.

The skills students learn do not align with the skills employers need. Employers routinely complain that college graduates are not well-equipped for success in their companies. Students need current technical and domain-specific skills, but they also need “soft” skills—such as providing great customer service; managing upward; establishing and developing meaningful relationships with peers, superiors, and mentors; mastering

business communications; and simple things like giving a firm handshake and making eye contact. These skills—which are all highly teachable—are usually not taught in schools, but are often as critical for career success and growth as technical skills.

Enormous numbers of students are not completing their degrees. Sometimes this is because of the expense, but often it's because life events (including personal or family illness, temporary financial distress, or other factors) disrupt their education and they cannot find a way to get back on track. According to statistics reported by the *Chronicle of Higher Education*, as many as 30 to 40 percent of students starting college nationally do not graduate within four years, and for many schools that number is far higher. This trend is not necessarily new, but is now far more visible thanks to increased public scrutiny of college completion rates.

Distance learning and online higher education have been giving students unprecedented access to and a variety of options for college-level learning, and have earned much well-deserved attention. But philanthropists and impact investors can support and accelerate two other threads of work that promise to transform higher education:



Creating targeted, cost-efficient learning programs. The most innovative programs and organizations in higher education are focusing on identifying and providing the skills that really matter for students to be successful in their chosen professions. Executing this well requires that the school regularly connects to industry and employers to determine the skills that are essential to the field and then adjusts its curricula to teach those skills. Typical approaches include the most relevant soft skills and management techniques, training on the techniques and tools currently in use at the forefront of the field, work on practical problems that the field cares most about, and exposure to leading professionals in the field. Examples of programs that do this include **Year Up**, which gives students intensive, for-credit training in the targeted hard and soft skills necessary to succeed in high-quality IT positions and then gives them six months of intensive internship experience. **Quad Learning** combines affordable, high-quality college courses with sophisticated advisory support to help students transition successfully into the best colleges for their chosen fields.

Delivering the supports that will help many more students persist through difficulties and complete their degrees. Academically, this often involves helping students who are struggling with a particular subject get the instruction they need to master it. However,

academic assistance alone doesn't get a student ready for a cap and gown. Initiatives that provide students with mentorship, the push, or the flexibility they need to stick to the goal of graduating despite life problems are equally essential. Early-warning systems, comprehensive advisory services, targeted mentorship programs, and peer support networks are some of the strategies coming into play. **The Posse Foundation**, for example, sends students to college with tight-knit peer support cohorts. **Starfish Retention Solutions** provides technology infrastructure for tracking and managing student retention.

Some of the organizations described above work in partnership with existing higher education institutions to complement their capabilities; others operate as new teaching institutions in and of themselves and compete with existing players. The former approach may allow for more rapid scaling of these approaches, while the latter approach may allow for greater innovation. Both will be important in the decades to come.

Success in this work means we end up with millions more students finding their way to fruitful careers (changing their families' lives in the process) and millions more adults contributing their best to the economy. And it means that we can reestablish American higher education as an engine of both economic growth and economic opportunity.





ROBERT HARRISON

Clinton Global Initiative

Robert S. Harrison is the chief executive officer of the Clinton Global Initiative. Previously, he was the executive director of the Clinton Foundation's childhood obesity initiative. Before joining the Clinton Foundation, Harrison spent 22 years on Wall Street as an investment banker and attorney. From 1981 to 1987, Harrison practiced corporate law in the New York and Paris offices of Davis, Polk and Wardwell. Harrison is chairman of the board of trustees of Cornell University, a director of the Association of American Rhodes Scholars, and honorary chairman of the board of the Henry Street Settlement. He received a BA in government from Cornell University, an MA in politics, philosophy, and economics from Oxford University, where he was a Rhodes Scholar, and a JD from Yale Law School.

Why Cross-Sector Partnerships Are Increasingly Essential to Creating Positive Change

Making real headway on urgent global challenges will require partnerships that allow multiple stakeholders from different sectors to pool resources, experiences, and skills.

As President Bill Clinton often says, the world is getting smaller. Transportation and communication costs are on the decline, and economies and governments are becoming increasingly intertwined. This shrinking world offers groundbreaking opportunities to connect, such as technology that improves underserved populations' access to affordable goods, health care, education, and jobs.

But interconnection also comes with common challenges: climate change, pandemics, shortages of food and water. Our growing global interdependence plays out with sectors as well as nations. The challenges we face in the 21st century are considerable, and I don't believe we will solve them by drawing exclusively from our own expertise and experience. To really make headway on the most urgent global challenges, leaders need to form cross-sector partnerships that allow the pooling of their diverse skills and abilities.

Since it launched in 2005, the Clinton Global Initiative (CGI) has been providing opportunities for people to work across sectors and, instead of settling for more conversations about the extent of our problems, to take concrete steps toward getting things done. Our members come from business, government, philanthropy, and the

nonprofit sector to share ideas and create Commitments to Action—workable blueprints to address global challenges. Whether making commitments to empower businesswomen in emerging markets, using mobile technology to curb chronic disease, or making urban infrastructure more resilient to impending storms, our members find that cross-sector collaboration lets them reach higher than they ever could alone.

In 2012, for example, CGI members created a Commitment to Action that will set a new standard of care in Grand Gedeh County, Liberia, where infant, child, and maternal mortality rates are among the highest in the world. In a place where access to health care has been abysmal, and where frontline health workers find their efforts limited by the absence of a mobile phone network, stakeholders from a variety of sectors are now working together to create positive change.

Last Mile Health, an organization that brings health care to the most remote areas in Liberia, partnered with **Echoing Green**, **Medic Mobile**, and the Liberian Ministry of Health and Social Welfare to bring community-based, mobile-enabled maternal, newborn, and child health (MNCH) services to the county's Konobo district. Working together,





these organizations drew upon their differing expertise to begin delivering comprehensive MNCH services to the most populous areas, implemented a district-wide baseline health assessment, and trained and equipped health workers. In addition, they have been working with the Liberian government to establish the first cellular network in Konobo. Thanks to these efforts, Konobo's residents have an opportunity not only to receive treatment from trained providers, but also to benefit from a telecommunications infrastructure that can better serve their needs.

As the 21st century ushers in a set of new and unmistakably urgent global challenges, CGI members are strategically mobilizing across sectors to address them. In 2010, Duke Energy and Cisco partnered with Charlotte, North Carolina's top business and public sector leaders, including the City of Charlotte and the University of North Carolina, to respond to the global imperative of climate change. Together, they created **Envision Charlotte**, a CGI commitment that will combine smart grid technology and energy education to provide the uptown Charlotte community with a world-class, sustainable model to measure, manage, and reduce energy use by

20 percent in five years. To date, most smart grid initiatives and related smart energy consumer behavior modification programs have been targeted at the residential market. This pilot represents the first major smart grid implementation for commercial buildings in the United States at the community level, connecting over 90 percent of the commercial office space in uptown Charlotte. As Envision Charlotte continues to report its progress, this public-private approach to fighting climate change aims to provide a replicable model for urban communities across the country.

The challenges we face in the 21st century are immense. But business, government, and NGO leaders have an opportunity to put their resources to the most effective use by working with experts across sectors. The impact made by projects like the CGI commitments I described above—two of over 2,800 made since 2005—will create powerful demonstration effects, as neighboring citizens call for replication, extension, and more frequent collaboration around the world. By working together better and more often going forward, we can make more progress against our pressing challenges.





Partnering for Systemic Change

Philanthropists should take the lead in building alliances and making big bets on bold ideas.

STEVE McCORMICK

Gordon and Betty Moore Foundation

As president and trustee, Steve McCormick leads the Gordon and Betty Moore Foundation's work to turn bold ideas into enduring impact. He has devoted his career to the nonprofit sector, starting at the Nature Conservancy in 1977 and becoming its president and CEO. He also helped found Resources Law Group, which offers strategic expertise in designing programs to conserve natural resources. Steve has served on many boards and is currently on the boards of Independent Sector, Sustainable Conservation, and the California Wildlife Officers Foundation. He graduated from UC Berkeley and Hastings School of Law.

In the six years that I've been working in the foundation world, I've had the opportunity to witness, time and again, a special combination of capabilities at play within this field—ranging from the agility to act quickly to the ability to deploy “patient capital” and stick with an intricate issue for the long haul. And, as I've watched and learned from my colleagues here at Moore and at other foundations, I've made it a personal objective to argue the following case: the time is right for the philanthropy sector to step up, use its special mix of capabilities, and take the lead in seizing the important opportunities and addressing the biggest and most complex social issues we face today across the globe.

Looking ahead, I see 2014 as an especially auspicious time for philanthropy for two key reasons. First, now more than ever, foundations are aligning with others in the field and beyond, finding ways to work in complementarity toward collective impact. Second, with that unique mix of capabilities and in a way that other actors cannot or have not, foundations are able to take the time to ascertain root causes and work toward

systemic change on a number of fronts.

What does a model of such complementarity, coupled with a systemic change approach, look like? To take one example, funders (including Moore) are increasingly coalescing around market-based solutions for conservation, pursuing and supporting new or unorthodox ideas that draw on the whole panoply of available levers in order to align economic, social, and conservation objectives. Such solutions ensure that ecosystems and the communities that depend on them both stand to benefit, rather than forcing mistakenly conceived trade-offs delineated by false dichotomies.

In Moore's marine conservation work to reform fisheries management, we've supported the implementation of “catch-share” programs. These programs allocate a portion of the total catch to individuals or communities, helping to ensure continued livelihoods for fishermen while also meeting conservation targets by promoting ecosystem-based catch limits. Ultimately, our marine conservation program aims to develop programs that work better for



fishermen and are also effective at meeting other stakeholder and conservation goals.

Moves toward complementarity and systemic change approaches couldn't come at a more critical time, especially in the face of public institutions' stagnated will and inability to tackle these issues alone or, in some cases, at

all. As we look to the year ahead, I'm inspired by the groundswell of resources, capabilities, and synergy within the philanthropic sector. Let's work together, make big bets on bold ideas that will have an impact, and, as Gordon and Betty Moore have suggested, "swing for the fences." It's needed, and it's time.





MARK RUFFALO
The Solutions Project

How Funders Can Address Climate Change by Supporting Renewable Energy

To stop current climate trends and preserve our planet's future, we need to focus on renewable energy opportunities and work at the state and grassroots levels.

We've all seen the image of the polar bear stuck on a shrinking patch of ice. It highlights perhaps the biggest challenge facing our generation—the destruction of the planet's environment. As we burn fossil fuels, we've pushed carbon to its highest levels in three million years. Our air and water are being polluted. We're facing rising seas, drought, super storms, and other negative effects of higher temperatures. These problems need to be addressed, and quickly, before we cause irreversible damage that will leave the planet uninhabitable for future generations. Recent events have shown that it is less likely than ever that serious policy change will come from Washington, DC, and that funders who wish to make real headway on climate change will need to find other means. At the Solutions Project, we believe that one of the best ways funders can address climate change is by supporting renewable energy.

Many of the proposed solutions to our environmental problems are incremental as well as unpopular. For many, the prospect of overcoming such obstacles has led to a sense of helplessness and resignation. In response to this, we founded the Solutions Project, which aims to transition the world to 100 percent renewable energy—energy that is naturally replenished, such as wind, water, geothermal, and solar power. Supporting

these efforts is an efficient and effective use of resources: by accelerating the transition to renewable energy, we can address a host of environmental problems, including rising carbon dioxide levels, sea level and temperature increases, and air and water pollution, all while creating jobs, saving money, and eliminating dependency on other countries for our energy resources.

As we have all seen in the past several months, progress is difficult to achieve at the federal level, and particularly so on climate change. The last major piece of climate legislation was introduced in 2010 and failed to pass the senate, and Congress today is even more hostile to the issue. But there are ways to make an immediate and strong impact at the state level, where many energy decisions are made. Each state has its own energy department where policies are set, including the state Renewable Portfolio Standard (the percentage of clean energy a state mandates) as well as net metering policies (the ability to generate power and sell excess power back to the grid) and incentives for clean energy use.

Working at the state level means that we can target each state's specific policies and needs, and keep the focus on the science and on the economic and social benefits rather than the politics. One of the Solutions



MARK JACOBSON
The Solutions Project



MARCO KRAPELS
The Solutions Project



MARK RUFFALO

Mark Ruffalo is an Oscar-nominated actor and renewable energy advocate. Mark co-founded Water Defense to raise awareness about the impact of energy extraction on water and public health. A regular contributor to the Guardian, Mark is the recent recipient of the Global Green Millennium Award for environmental leadership.

MARK JACOBSON

Mark Jacobson is a professor of civil and environmental engineering at Stanford University and director of its Atmosphere/Energy program. He develops computer models on the effects of energy technologies on air pollution and climate. Mark also served on the Energy Efficiency and Renewables advisory committee to the US secretary of energy.

MARCO KRAPELS

Marco Krapels is a partner at Pegasus Capital. Previously, he served as executive vice president at Rabobank, NA, where he was also a member of the bank’s credit committee and co-chair of its corporate social responsibility committee. He is a co-founder of Empowered By Light, which works to improve lives and the environment by encouraging the use of renewable energy technologies.

Project’s founding members is Dr. Mark Jacobson, professor of civil and environmental engineering at Stanford University and director of the university’s Atmosphere/Energy program. We are working closely with him as well as a team of environment and energy experts at the university. These partners have created detailed plans for New York and California that identify the custom mix of renewables—including wind, water, geothermal, and solar power—each state needs. Our partners at Stanford are also working on summary plans that will demonstrate the benefits of 100 percent renewable energy for every state.

Because long-lasting change requires not only policy change but also an educated and energized public, the Solutions Project is concurrently launching a state-by-state and national grassroots education campaign. We have gathered celebrities and other cultural influencers to engage the public via a variety of media to demonstrate that a 100 percent renewable energy future is accessible, benefits all sectors of society, and is cool to boot.

We believe that a positive, inspirational, community-based movement will engage people to work for a clean, renewable energy future. Funders have the opportunity to work with leaders across sectors to build the kind of momentum we need to see real change. In October, Dr. Jacobson appeared on the **David Letterman Show** to discuss what a 100 percent renewable energy future would look like. Letterman’s remarks summarize our vision:

“I promised the audience a minute ago they would be thanking me. We hear so much dire information with regard to the climate, the planet and climate change and global warming. Tonight, you have something positive that you can present to all Americans.”

So while that polar bear is still stuck on the shrinking patch of ice, maybe we can help him after all. By investing in an energy solution that tackles so many pressing environmental issues and helping people see how a few simple steps could radically change our future, we will finally turn the tide and start taking care of our planet.





Educate Girls Everywhere

Funders who want to break the cycle of poverty and build a better global future should consider ways to help send more girls to school.

SHIZA SHAHID

Malala Fund

Shiza Shahid is co-founder and CEO of the Malala Fund, the organization set up by the young Pakistani activist shot by the Taliban for her campaign for girls' education. Shiza has supported Malala Yousafzai's work since 2009, when she mentored Malala and others at a summer retreat in Pakistan to raise awareness about the Taliban's attack on female education. A graduate of Stanford University, Shiza began her career as a business analyst at McKinsey & Company in the Middle East. She grew up in Pakistan and was an activist for girls' rights from an early age. She is now leading the Malala Fund in its work to empower girls through education so that they can recognize their potential and be agents of positive change in their communities.

"We call upon our sisters around the world to be brave—to embrace the strength within themselves and realize their full potential."

These were words that the brave and strikingly eloquent 16-year-old, Malala Yousafzai, spoke during a speech at the United Nations on July 12, 2013. The UN had declared it Malala Day in her honor. It was the first time Malala had spoken publicly in over nine months, since a Taliban gunman had stopped her school bus, asked "Who is Malala?" and then shot her in the head in a barbaric attempt to silence her campaign for girls' education.

Instead, Malala's voice grew louder and stronger, her campaign more effective. She made a miraculous recovery and, with her family and other passionate supporters by her side, launched a global organization, the **Malala Fund**, to get girls into school and teach them the skills they need to survive and thrive. Malala's goal for this organization is as large as one could expect from a girl with her ambition: "I want every girl to be in school," she says, "and every girl to be powerful!"

Malala addressed the UN assembly that day with her voice booming, demanding an education for the millions of girls around the world who were waiting, many undoubtedly

watching anxiously as she spoke on their behalf. Finally, the girls of the developing world had a spokesperson who truly understood, and who represented their own immense resilience and their desire to be educated.

Malala had been fighting for her right to go to school for over five years when she was shot. The Taliban had taken over her hometown, Swat Valley, and banned girls' education in 2009. Her struggle was illustrative of the struggles of millions of girls worldwide who do not get an adequate education because of poverty, political violence, lack of good schools, repressive social norms, and other barriers. Girls in the developing world are the greatest victims of the status quo: every three seconds a girl becomes a child bride; the leading cause of death for girls aged 15 to 19 is childbirth; and 80 percent of all human trafficking victims are girls.

But as Malala's story illustrates, these girls are not just victims—they are also the single most powerful force for change. When you educate a girl, you empower her to delay marriage and childbirth and give her an opportunity to earn an income. Girls with at least eight years of education are four times less likely to be married as children. Children born to literate mothers are 50 percent more likely to survive





past the age of five and twice as likely to go to school. When girls are educated, they don't just look after themselves—they invest in their families and communities. Girls and women invest 90 percent of each dollar that they earn back into their families, compared to 30 percent for men. Educating a girl is the most effective way to break the cycle of poverty.

That is why the Malala Fund hopes to make girls' education a global priority. The fund aims to identify education entrepreneurs and leaders who are developing and delivering education solutions that are effective and scalable, and to collaborate with them to develop their programs and innovations. To

achieve scale, the fund will advocate at the government, donor, and multilateral levels for wider adoption of effective solutions and for policies that break down barriers to education. In Malala's words:

"We must speak for girls who cannot speak for themselves. But we also believe that we can give girls back their voice. That's why I've created the Malala Fund. But we can't do it alone. That's why I'm asking you to join me, to stand with me in standing up for girls who can't speak for themselves. Because every girl deserves an education. Because every girl deserves a voice."





CHARLIZE THERON

Charlize Theron Africa Outreach Project

Charlize Theron is an Academy-Award-winning actress, philanthropist, and United Nations Messenger of Peace. Originally from South Africa, Charlize is particularly passionate about the fight against HIV/AIDS. In 2007, she founded the Charlize Theron Africa Outreach Project with the mission of helping African youth keep themselves safe from HIV. The project supports community-engaged organizations that use innovative programming to work with youth. The programs provide critical resources like access to youth-friendly healthcare, sexual and reproductive health education, life skills, and psychosocial support.

Employ Community-Based Approaches to Achieve an HIV-Free Future

To reach vulnerable populations, including youth, and advance toward a future without AIDS, we need to start from the ground up.

The future belongs to young people. This holds true in every country in the world, and if we genuinely want to invest in the future, then we must invest in youth. To me, this means giving them the tools and teaching them the skills to live full, productive, and healthy lives. Unfortunately, we face many obstacles in giving young people everywhere that chance.

Seeing the devastation of the AIDS epidemic and how it affects young people in my home country of South Africa compelled me to take action. I founded the Charlize Theron Africa Outreach Project (CTAOP) in 2007 with the goal of helping African youth keep themselves safe from HIV. But in doing so, we address much more than that. Eradicating HIV is a goal toward which many work, but few efforts focus on changing behaviors and circumstances from the ground up. Based on what I have seen, funders who are working toward an HIV-free future could achieve longer-lasting impact by directing resources toward community-based approaches. The most effective HIV prevention addresses poverty, unemployment, gender inequity, lack of education, lack of access to basic health services, and low self-efficacy levels that are all too common in the generation that is the future.

It is true that we, as a global community, are making great strides in the fight against HIV. I have seen this firsthand through my role as a United Nations Messenger of Peace. More people are being treated than ever before, and mother-to-child transmission is rapidly decreasing. But vulnerable populations like young people are slipping through the cracks because they are among the hardest to reach. Globally, about one-third of new infections occur in individuals between the ages of 15 and 24, and sub-Saharan Africa is home to nearly three-quarters of the young people living with HIV. South Africa has unequivocally been the hardest hit by the disease. It has the highest number of people living with HIV in the world. Understandably, I couldn't stand by without doing something, but I didn't want our efforts to be just a bandage on the wound. CTAOP's vision is to create lasting impact by teaming up with the real experts—South Africans working in their own communities.

Communities are where change really happens. Local leaders are the ones who know their environments best, and they have been engaging young people since the beginning of the epidemic, years before the global AIDS response kicked into gear. CTAOP supports



community-based programs that continue to find innovative ways of engaging adolescents, educating them on sexual and reproductive health, and providing them with tools to overcome the challenges they face simply because of where they were born. This is a unique area of work, and one that is extremely under-funded. The saying holds true: if it were easy, everyone would do it.

Ten years ago we wouldn't have dreamed of having global conversations about the beginning of the end of AIDS. Now we are. We have come so far, but we can't stop here. **A future without AIDS is in sight**—and working together across countries and communities will ensure it arrives.



MIKKEL VESTERGAARD FRANSEN

Vestergaard

Mikkel Vestergaard Frandsen is the CEO and owner of Vestergaard, a global company dedicated to improving the health of vulnerable people, especially those living in developing countries. Mikkel has structured the company around a humanitarian entrepreneurship business model by which doing good is good business.

Vestergaard's game-changing solutions include best-selling PermaNet® bed nets to fight malaria and award-winning LifeStraw® water filters that tackle waterborne diseases. The company's other initiatives are focused on fighting HIV/AIDS, mitigating climate change, and enhancing food security. Mikkel serves in leadership positions outside the company as well, and has received numerous awards for his contributions. He lives in Lausanne, Switzerland.

Doing Good by Doing Good Business

Funders, investors, and industry can help increase social impact by supporting humanitarian entrepreneurship.

My company, Vestergaard, is based on what I call "humanitarian entrepreneurship." We devote our entire platform to innovating and producing breakthrough products and solutions that fight malaria, HIV/AIDS, diarrheal diseases, and neglected tropical diseases; mitigate climate change; and enhance food security in developing countries. We've built a business around the opportunity to save lives. Here, there is neither conflict nor controversy between doing good business and doing good. While our partners in the public sector can bring assets such as on-the-ground networks and the ability to raise money to service people with the greatest need, the private sector is uniquely able to link those two assets through innovation and scale, thereby creating greater, sustainable impact.

In a humanitarian entrepreneurship model, investments to develop technologies are largely made by the company itself, with the expectation that a donor-funded or bottom-of-the-pyramid market exists. Although the end users of the technologies are people in developing countries, the paying customers are often governments, NGOs, donors, and faith-based organizations.

While this model has seen much success—in both financial and social gains—there are

challenges that private- and public-sector partners can work together to overcome, ultimately resulting in greater impact on the lives of those most in need.

The key ways funders, investors, and industry can help contribute to the humanitarian entrepreneurship business model are:

1. Support innovative campaigns that deliver the highest return on investment (ROI).

Developing a life-saving product, while critical, is only half the battle in today's public health arena. A fair amount of innovation must be focused on finding ways to overcome the high costs and logistical difficulties involved in getting the life-saving tools into the hands of people who need them. I would encourage investors to carefully evaluate programs to identify those that project the highest ROI. One such case is integrated campaigns, whereby several health tools are bundled together and distributed in one campaign. For example, a vertical distribution of bed nets used to cost \$5 per net. Campaigns that integrate bed net distribution with other public health interventions have helped bring distribution costs down to less than \$2 per net.

2. Promote innovation. In the race to develop life-saving innovations, we can't afford to



stifle innovation or to create pile-ups. This often occurs when regulatory bodies are not equipped to evaluate new technologies in order to classify them as being fit for service. As a humanitarian entrepreneur, we look to work in tandem with public entities to help them develop appropriate standards and testing protocols to evaluate new innovations. It can be challenging, but I've learned that the best results come when durable and powerful partnerships are formed that enable private-sector ingenuity to facilitate public sector mandates.

3. Invest in programs that have a built-in mechanism to demonstrate and reward measurable impact. Performance-based campaigns ensure that the desired results are achieved. For example, my company launched a campaign in which we made an investment up front, delivering our LifeStraw® water filters to an entire community in Kenya's Western Province. The campaign uses an innovative

financing model by which we earn carbon credits when people use the LifeStraw® filters, which reduces the amount of wood they burn to purify water. We then sell the carbon credits we earn to secure funds that can be reinvested to sustain the program. The performance-based campaign was set up with a clearly defined measurement mechanism, and our company is incentivized to make sure that the water filters are being used appropriately.

It's the opportunity to invent the next life-changing health innovation that makes the humanitarian entrepreneurship model so important in our collective efforts to improve public health. I'm convinced that many firms would find it rewarding, in ways that extend beyond financial gains alone, to invest in programs that can have such profound effects on the health of disadvantaged people. As they focus on humanitarian entrepreneurship, they're likely to find, as I have, that doing good can be very good business.



DEB WETHERBY

Wetherby Asset Management

Deb Wetherby founded Wetherby Asset Management in 1990 to serve clients with objectivity, integrity, and thoughtfulness. Previously, Wetherby worked at Morgan Stanley in private client services and in the audit and management consulting departments at Price Waterhouse. Wetherby is active in several community organizations, including current or prior service on the Marin Community Foundation, the Advisory Board for the Center for Public and Nonprofit Leadership at the Haas School at UC Berkeley, BRAC USA, the National Endowment for Financial Education, and the UC San Francisco Foundation. Wetherby holds an MBA from the University of California, Berkeley and a BS in commerce from the University of Virginia. She is a certified public accountant, a chartered financial analyst, and a CFP.

Incorporating Social Goals into Wealth Management

As impact investing opportunities expand and the supporting infrastructure develops, an increasing number of individuals—and their wealth advisors—will recognize the value of an approach that considers social impact along with financial return.

The next 30 to 40 years will see a substantial transfer of wealth, with as much as \$30 trillion transitioning between generations. Considering that millennials consistently rank effecting social change as a top priority, the ways in which they manage their assets will no longer operate under the status quo—that is, independently of other goals and values. These generations are more purposely seeking financial opportunities that also promote social or environmental impact, and the wealth advisors who have been managing these assets for decades now face the prospect of adapting to a changing field. Yet this doesn't have to mean upending the basic business models by which we have operated for so long. My firm, Wetherby Asset Management, has been working for over seven years with an increasing number of our clients to incorporate social goals into their wealth management, thereby more closely aligning their portfolios with their philanthropic intent. In our experience, integrating impact investments into an existing portfolio not only directs more funds to societal good, it also greatly increases personal satisfaction.

There are an increasing number of ways to pursue impact investing within portfolios today. If executed well, this can be a very

powerful tool to help individuals accomplish various mission-driven goals. However, doing so successfully requires careful consideration of a number of factors. Committing to a few fundamentals can help to ease this transition.

An important first step is to home in on which values you want to see reflected in your portfolio. You can then articulate which issue area(s) most resonate with you. This enables a more targeted approach in investment evaluation and selection down the road.

A second important consideration is total return. In traditional investments, this comprises only financial return. But for impact investments, total return includes both financial and environmental/social return. Different impact investments provide varying levels of financial return and environmental/social impact. You may want to consider a mixture of two types of holdings: those that are higher impact yet offer below-market-rates of return and those that yield market-rate returns yet achieve more broadly based social impact.

Finally, if you are a new entrant into the impact investing world, I suggest taking a measured approach in implementing your first round of investments. Begin with investments that



preserve liquidity and uphold the potential for market rates of returns while you become familiar with environment, social, and governance metrics and/or community development initiatives. In some instances, this can be layered into existing portfolios over time. When we shift a client's portfolio to include more impact investments, we strive to achieve both a well-balanced portfolio in the traditional sense with the added focus of generating environmental and social return.

Based on the trends we are seeing, I believe impact investing will become an increasing focus among individuals' wealth management strategies, as it provides them with a way

to achieve multiple goals at once. Our firm has long had clients who are ardently committed to impact investing, and as investment opportunities continue to grow and the supporting infrastructure continues to develop, we expect that an increasing number of individuals will recognize the potential societal and personal value of incorporating it into their portfolios. We are excited by the prospect of financial assets driving social impact in addition to financial return. From our perspective, helping people make a difference in the world while realizing their financial goals is the ultimate satisfaction, and an important way forward for the wealth management field.

