



The role of philanthropy in fighting inequality

Aotearoa New Zealand is one of the most generous countries in the world. In 2016, the Charities Aid Foundation World Giving Index ranked us in third place, right behind Myanmar and the United States. We have a plethora of charities (one organisation per 161 people), more than 3 million volunteers per year and financial giving of around \$2.7 billion per year.

But alongside our growing giving, sits growing inequality, with the richest 10% of households now holding half of the national wealth.

According to *Inequality: A New Zealand Conversation*, “unequal societies are less functional, less cohesive and less healthy than their more equal counterparts.” This is a large scale, systemic issue and one that New Zealanders consistently rate as a primary cause for concern.

So how can philanthropy contribute to a solution?

There are good arguments for philanthropy to stop all together, and for the additional funds to be handed over to government to spend through democratic mechanisms. I would argue that philanthropy was always supposed to be a radical disruptor, capable of funding the things that government can't – and though we may not be there just yet, philanthropy has the opportunity to be a key lever in shifting the national inequality paradigm.

In a recent article in *The Age Sick of Inequality? Get into Philanthropy* Sarah Davies, CEO of Philanthropy Australia, describes cross-sector collaboration, funding capacity support and engaging in advocacy as methods philanthropists can use to help reduce inequality.

I would add a few extras to the list. Philanthropists could be moving beyond engaging in advocacy and actively fund community organisations that use advocacy as a tool for change, we could be enthusiastically funding social enterprise, and we could consider choosing participatory decision making-mechanisms that foster greater diversity, equality and inclusion.



Funding social movements

The National Committee for Responsive Grant-making (US) estimates that only 15% of foundation and philanthropic funding is spent on social justice grant-makingⁱ, defined as grants “that work for structural change in order to increase the opportunity of those who are the least well off politically, economically, and socially.”ⁱⁱ

Marianne Elliot, co-founder of ActionStation, one of New Zealand’s most prominent progressive movements, says “Growing inequality in New Zealand is mirrored by a decline in democratic engagement in what has been called a ‘spiral of inequality’. Politicians feel less need to appeal to people who are less likely to vote, including Māori, Pasifika and people on low incomes. As a result, policies addressing the fears and aspirations of people who are already better off are prioritised over those that would redress the economic imbalance for those who are worst off. These groups then conclude that politicians don’t care about them, and therefore see no point in voting. It’s a vicious spiral and one that movements like ActionStation are trying to reverse. Every time an ActionStation campaign results in a policy change that will make a positive difference in the lives of people facing hardship in New Zealand, we help to unravel the spiral of inequality.”

The Vodafone Foundation has been part of a collaboration supporting the development of an advocacy organisation for children and young people in Foster Care. Funding these social movement and advocacy organisations builds community capacity and creates pathways for marginalised citizens to contribute to and take the lead on policy change.

Funding Social Enterprise

Social enterprise also has a role to play in reducing inequality, creating jobs and ownership mechanisms for those at the lower end of the economic ladder.

Christchurch based Kilmarnock Enterprises have been providing training, support and paid employment opportunities for people with disabilities since 1958. Cultivate Christchurch, one of the projects that has grown out of the Vodafone Foundation’s World of Difference programme, teaches marginalised young people food production and agricultural skills, and sells the high quality items they produce to local restaurants to offset their costs.

Social enterprises also provide best practice models for business. Around 41% of leadership roles in social enterprise are held by women, as opposed to around 16% in New Zealand business. Though companies like Vodafone have implemented



significant diversity and inclusion policies to rectify the gender leadership imbalance, social enterprise still leads the way.

Alex Hannatt, Chief Executive of the Akina Foundation agrees: "Philanthropists have always sought sustainability in the organisations that they fund but in reality this often translates to finding another funding or dependency on government contracts. Social and community enterprises provide a genuine opportunity to underpin social mission with a sustainable financial model but also require a different model of support. Rather than funding specific activities, philanthropists can play a critical role in supporting capacity building and organisational development. When social enterprises get the support to start-up and succeed they have the potential to deliver scaleable and sustainable impact. When viable, they can also provide philanthropists with a wider range of financing options - opening the door to impact investment and the recycling of funds."

From a philanthropic perspective social enterprise offers bang for your buck. Organisations can create social outcomes and generate enough income to be wholly or partially independent of donors.

Using Participatory models of decision-making

Inequality gives some citizens more than others – more rights, more income and more opportunities. It also treats different types of knowledge differently – ascribing greater value to the views, opinions and knowledge held by people who look, sound and act in particular ways.

Participatory practice can help to unravel this form of inequality in philanthropy by including communities who are effected by decisions, in the decision making process: literally including young people and youth workers in youth funding decisions, or people with disabilities in disability funding decisions.

This sort of participation when done well, creates greater diversity, stronger connections across communities, and has been shown to lead to reduced replication in service provision and more advocacy and collaboration.

There are a number of models of participatory philanthropy – from the tentative practice of including a subject matter advisor, to the radical chaos of total inclusion. FRIDA the young feminist movement, uses a process where all of the organisations and individuals who apply for a grant come together to collectively decide who will receive funding. At the Vodafone New Zealand Foundation, past grant recipients choose who will receive our Individual Development Grants, using their knowledge of the sector to make good decisions.



All of these steps help us to unpack the structures that enable the upwards spiral of inequality, but it is both complex and complicated and truly “fixing” inequality issues is an intergenerational task. If philanthropy can shift its lens towards funding social justice and social enterprise and making decisions in a more inclusive ways, we might find ourselves instigating some big changes – as well as heeding one of the most important parts of the UN convention on human rights “Nothing about us, without us”.

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You can link to her full paper on Participatory Philanthropy, including descriptions of different practice models via the Philanthropy New Zealand website or via <http://philanthropy.org.nz/wp-content/uploads/2016/09/Participatory-Philanthropy-Churchill.pdf>

¹The State of Social Justice Philanthropy By Niki Jagpal and Kevin Laskowski -

<http://ncrp.org/files/publications/PhilanthropicLandscape-StateofSocialJusticePhilanthropy.pdf>

²See Tanya E. Coke, Scott Nielsen, Henry A.J. Ramos, Sherry Seward and Bradford K. Smith, Social Justice Grantmaking II: An Update on U.S. Foundation Trends, ed. Steven Lawrence (New York: Foundation Center, 2009).