Give a Man the Means to Fish:

From Paternalistic Charity to Venture Philanthropy

By Wayne Visser

Give a man a fish and he will eat today. Teach a man to fish and he will eat tomorrow – or until his nets break. Invest in a man's fishing business and he will feed himself and others for a long time to come. This is what it means to shift from paternalistic charity to venture philanthropy. It is an evolution that is important to root in a long and varied cultural tradition of philanthropy.

Confucius (551-479 BC) said: 'When wealth is centralized, the people are dispersed. When wealth is distributed, the people are brought together.' Hence, 'a man of humanity is one who, in seeking to establish himself, finds a foothold for others and who, desiring attainment for himself, helps others to attain.' When asked, 'Is there one word which may serve as a rule of practice for all one's life?' he replied, 'Is not reciprocity such a word? What you do not want done to yourself, do not do to others'.

This so-called Golden Rule, which we find in all the world's major religions, has come to represent the very essence of charity. In fact, the word charity derives from Latin caritas, which meant preciousness, dearness, or high price. However, in Christian theology, caritas became the standard Latin translation for the Greek word agapē, meaning an unlimited loving-kindness to all others. Hence, in St Paul's Letter to the Corinthians, we read, in the King James Version of the Bible, of 'faith, hope and charity'. Of course, it is not only giving that is important, but also the nature of giving. There is a Jewish proverb that says: What you give for the cause of charity in health is gold; what you give in sickness is silver; what you give after death is lead.

Islam also has a strong tradition of charity. Zakāt, or alms-giving for the purposes of alleviating poverty and helping those less fortunate, is one of the Five Pillars of Islam. The practice is generally in the form of an annual tithe or tax of 2.5% of an individual's wealth, including money made through business, savings and income. The zakāt must also be above an agreed minimum (called nisab), which is said to be around $2,640 or the equivalent in any other currency. As important as the collection of zakāt in a community is its fair distribution among the needy. Another form of charitable action is sadaqah, which literally means 'righteousness' and refers to the voluntary giving of alms or charity. These ancient traditions are considered to be a personal responsibility for all Muslims, practiced out of love for humanity, to ease economic hardship for others and eliminate inequality.

There are numerous other religious and cultural variations on the theme. Philanthropy in Latin America typically revolves around asistencialismo, which is charitable giving for poverty alleviation. Out of dedication to their religion, education and culture, Bulgarian communities raised donations to build churches, schools and cultural centres called chitalishta. In India, Gandhi's trusteeship concept was adapted and applied to welfare acts. In Mexico, the Raramori, who still live in the mountains of the state of Chihuahua, use the expression korima, which means 'to share' resources in times of stress. In Southern Africa, ubuntu is the practice of humanism based on the collectivist notion that 'I am a person through other people'.

So much for the roots and cultural traditions of philanthropy. Upon these foundations, the great philanthropists, ancient and modern, built their charities – from Rockefeller and Carnegie to Gates and Turner. The more interesting question, I think, is whether there is anything new and transformative about charitable giving?

One concept that has generated a lot of excitement is 'venture philanthropy'. Seemingly, it has origins in another HBR article, 'Virtuous Capital: What Foundations Can Learn from Venture Capitalists', by Christine W. Letts, William Ryan and Allen Grossman in 1997. Their basic message was that corporate foundations can be more effective if they 'develop hands-on partnering skills', for which venture capital firms offer a helpful benchmark: 'In addition to putting up capital, they closely monitor the companies in which they have invested, provide management support, and stay involved long enough to see the company become strong.'

Since then, the debate has raged about what venture philanthropy is and whether it is plausible, ethical and desirable. After all, if the venture capitalists are treating their donations as an investment with expectations of a financial return, then is it philanthropy, or just business? And is it feasible to expect charities like community development organisations to generate a financial return in the first place? And what about the distinction between venture philanthropy and social enterprise, or social business?

So what do we know? There are basically three models of venture philanthropy. The first is traditional foundations practicing high-engagement grantmaking. The second is organisations which are funded by individuals, but all engagement is done by professional staff. Examples cited include the Robin Hood Foundation in New York City and Tipping Point Community in the San Francisco Bay Area. The third is the partnership model, in which partner investors both donate the financial capital and engage with the grantees. An example is the Silicon Valley Social Venture Fund in San Jose, California.

Without getting heavily into the venture philanthropy debate, I do believe that – as with strategic philanthropy – it is symptomatic of the shift in our approach to tackling society's most intractable problems. What we have seen is that traditional charity has been, for the most part, invaluable in bringing about alleviation of social and environmental distress, but rather ineffective in achieving resolution of the problems themselves. The need for pure philanthropy, irrespective of its strategic alignment to donors, will always be there. There will always be emergencies, crises and urgent problems that don't link conveniently to business interests.

Venture philanthropy, on the other hand, recognises that we need ways to scale up solutions, and one way is to link business with a social cause, and provide the capital it needs to be effective. Hence, I regard venture philanthropy as one of the transition tools that we need as we move to the Age of Responsibility, not least because it brings creativity and scalability to the table. It is one of the critical enablers that is facilitating the social enterprise revolution, which is discussed in more detail in later chapters.

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