

Foundations: Why Engage the Public Sector and How?

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"There is no nonsense so errant that it cannot be made the creed of the vast majority by adequate governmental action"

– Bertrand Russell (1872-1970)

Introduction

Philanthropists enjoy more personal degrees of freedom than leverage over social systems. Public resources vastly exceed philanthropic resources. In 2004, total non-governmental giving in the U.S. stood at US\$ 248.5bn (including corporate, individual, foundation, and bequest giving). That year, it took the U.S. government 40 days on average to spend the equivalent amount. Moreover, governments set regulatory conditions for social change work at the grassroots level.

Given this dynamic, it is not surprising that engaging the public sector is one of the more powerful roles that foundations can play in improving society. Working productively with government has the potential to create massive scale and impact. By nature of the scale and authority of government institutions, changes in the formulation or execution of public policy can contribute to widespread social benefit and systemic change. Many feel that foundations are well-positioned to influence these changes in public policy and can benefit from understanding the range of options and key considerations for engaging the public sector.

However, a sense of realism is required. Sergio Amoroso, the Founder and Chairman of Orsa Group, one of Brazil's leading integrated producers of pulp and paper for packaging, which is commonly considered to be a pioneer in Brazil's young but growing corporate responsibility movement sees the interaction with government as central. "We see ourselves as working for the government, with the government, negotiating with the government and sometimes questioning government." However, his main concern is the continuity of public sector efforts: "The biggest problem with government is continuity, when there is a change in government there is a natural tendency to want to not continue what was being done."

While influencing the public policy agenda is a powerful lever in principle, it is not a trivial undertaking. Historically the majority of private and corporate foundations have deliberately tried to avoid intensive advocacy work. Foundations have preferred funding program areas and nonprofit organizations engaging in less politically controversial activities. Additionally, many foundations have avoided advocacy for fear of their work being construed as lobbying. Many jurisdictions allow for public policy work by foundations to a significant extent. Engaging the public sector is increasingly considered to be one of several viable tools for social change – assuming local legislation allows it.

Three Ways to Engage the Public Sector

For foundations interested in influencing public policy, three ways of engaging the public sector are particularly promising. As indicated in the framework below, a foundation's approach will be shaped by its goals, roles and activities.

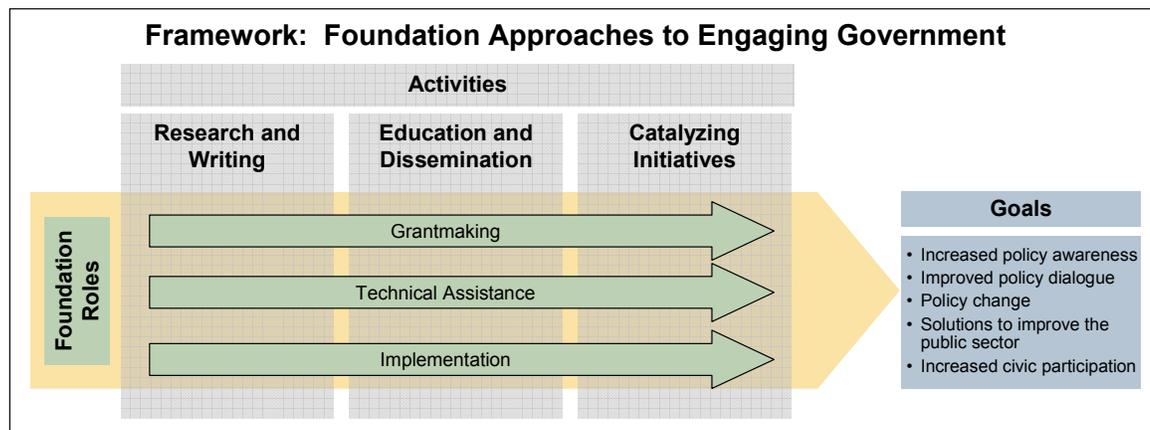


Figure 1: Three ways to engage the public sector

Source: UBS Philanthropy Services

- Specify goals.* Determining a public policy intervention requires first identifying the foundation's goals. What specific outcome does the foundation seek and anticipate from its engagement with government? Does it seek to increase awareness of a particular policy or public sector performance issue, facilitate improved dialogue, affect a change in policy, and/or help create solutions to improve the public sector or increase civic participation through grassroots mobilization or interest groups? In principle, the relative independence of private foundations provides flexibility to either advance an innovative idea or to argue for a specific policy position. Each intervention can be approached from a collaborative or a more controversial position. Without identifying a specific and realistic goal, however, the effectiveness of any public policy intervention is bound to be difficult to measure and manage.
- Define roles.* The most common role of foundations in the public policy arena is to provide grants to existing (nonprofit) organizations to carry out specific programs. There are various instruments to accomplish this role. The foundation can release an open request for proposals (RFP) seeking interested institutions or select specific groups that would best achieve the foundation's goals. Providing grants to nonprofits also typically provides an arms length separation for the foundation. This shields it to some extent from direct association with potentially controversial advocacy activities. Foundations can also serve in a technical assistance role providing advisory services to support other organizations that are implementing public policy programs. Finally, foundations can choose to implement programs themselves by using their own staff time and internal resources to operate program activities. Choosing the role of the foundation will depend on a number of factors including overall staff capacity, staff expertise and the

foundations' appetite for directly engaging in potentially controversial public policy issues and working with government agencies.

- *Select the set of activities.* Regardless of whether a foundation chooses to provide funding, offer technical assistance or implement programs, the repertoire of activities for engaging the public sector are the same. These activities can be grouped into three primary categories: research and writing; education and dissemination; and catalyzing initiatives. First, research and writing activities include doing policy research and analysis, broadly examining social issues or performing evaluations. This form of intervention is typically "passive." It implies limited direct engagement with government officials. Specific examples in this category include nonpartisan analysis of ballot measures, research intended to inform election debates, assessments of government transparency and performance, and publications on public policy. The nature and tone of this intervention can range from an innocuous issue-oriented white paper to a much more controversial government "watchdog" report intended to apply real pressure on government through openness and accountability. Such approaches are noisy but can be quite effective, and supporting them can thus be controversial. For example, Aduseps (Associação de Defesa dos Usuários de Seguros, Planos e Sistemas de Saúde), one of the 2006 Visionaris Social Entrepreneurship award candidates in Brazil is a NGO that advocates for the rights of Brazilian citizens in the field of health service plan delivery as derivable from the duties of Brazilian states according to article 196 in the Brazilian Federal Constitution. Through legal action, administrative cases, training and media, Aduseps has influenced local public policy in the state of Pernambuco and impacted about 700,000 users of supplemental health.

Second, education and dissemination activities imply a more proactive engagement in public policy by seeking to provide information and influence people's thinking. These activities include publishing of white papers, articles and newsletters; using mass media to communicate directly to citizens; speaking at conferences; and communicating directly with legislators or policy administrators. Often the objective is to increase the understanding among the key stakeholders of specific ideas, findings or points-of-view. Specific examples include educating the voting public on specific campaign finance reform measures, providing general support to think tank or lobbying organizations, educating journalists about specific issues, structuring mass media campaigns and testifying before legislative bodies. Likewise, a foundation (or its grantee) can choose a neutral stance that simply seeks to raise stakeholder awareness on a particular issue or a more controversial posture that explicitly argues a point-of-view in direct opposition to conventional wisdom.

Finally, catalyzing initiatives moves beyond the creation and dissemination of knowledge to a more proactive and complex engagement in addressing a public policy issue. These activities can include efforts to mobilize individuals toward common action, forming and/or sustaining coalitions of organizations (nonprofits and/or corporations), creating new nonprofit entities, supporting the establishment of decentralized networks or initiating policy-relevant litigation. Specific examples include funding local community meetings, introducing city officials and grant makers to each other, creating a (nonprofit) advocacy group, creating an entity to help fill an under-resourced gap in government services or funding a nonprofit to pursue legal action for public benefit. For example, in the U.S., grants for litigation are not considered lobbying because they will not affect the passage or defeat of existing litigation. Another approach would also

include the piloting of new public service models, which would then be brought to scale in collaboration with government entities. These activities can also range from the consensus-driven, multi-stakeholder collaboration that ensures agreement at every step in the process to the more aggressive approaches such as mobilizing activists to challenge the status quo or suing the government to affect change.

A successful strategy for engaging the public sector is contingent on the issue to be addressed. But it is likely to include several of the above activities working in an integrated approach. For example, significant synergies can be achieved by sequencing research and writing initiatives followed by education and dissemination efforts. Additionally, collaboration of individuals and/or organizations typically results after an effective education process that translates knowledge into action.

Developing a Public Sector Facing Program

Structuring a philanthropic program to engage the public sector requires addressing several key considerations.

- *Know your framework and determine the mix of intervention levels.* How and at which government level should you work to address a specific public policy issue? At the national, state or municipal level? Often, a combination of all three will work best. “To find solutions,” Sergio Amoroso of Orsa Group argues, “the municipal government is more efficient. They are close to the action. The federal level in contrast is further removed but it is at that level that policy is made and influenced. In reality you have to work with all three levels – municipal, state and federal. In partnering, we have learned that it is very important to understand what each sector wants. The political sector wants visibility so we must leave that for them. Visibility is their currency.” Also, often multi-sector collaborations are needed to move issues forward.
- *Managing risk.* In scoping the program, a foundation must understand the inherent risks associated with an advocacy-oriented program. The risks can be substantial. They include the potential of advocacy efforts to generate significant controversy and/or opposition; the propensity for being time-consuming, long-term initiatives; the likelihood of garnering publicity, both favorable and unfavorable; and the challenge of overcoming fatalism or apathy around specific policy inertia. Risks can be mitigated by focusing on issues that are ripe in the public mind. Having information regarding the problem and piloted and proven solutions to those problems can also help provide higher legitimacy for action. Finally, working one willing government agency “against” another may also prove to be an astute way of gaining leverage towards the pursued objective.
- *Build the right skill set.* The skills, assets and values of the foundation should align with the desired public policy interventions. Engaging with government actors and interest groups to influence the policy debate requires foundation staffs who understand the dynamics and nuances of policy formulation and execution. Dimensions to consider are a foundation’s knowledge of policy issues and process, staff resources available to dedicate and the political weight or authority of the foundation on specific issues.

- *Understand the legal frame.* The foundation also needs to understand the specific legal restrictions placed on funders and grantees around advocacy and public policy programs. The legal parameters differ by country and by type of funder or nonprofit, so these need to be identified on a case-by-case basis.
- *Be serious about evaluation.* Finally, despite the inherent challenge of evaluating advocacy work, foundations will need to structure an approach to evaluating its public policy programs. Identifying an evaluation framework is important for sharpening the focus of the program officers and grantees, for engaging the board in advocacy strategy and for creating accountability and responsibility for the foundation's work.

Conclusion

Structuring a philanthropic program to engage the public sector requires addressing several key questions, as well as a sense of realism. On its own, it is unlikely that even a large foundation will be able to significantly influence a longstanding public policy approach to an issue that is resourced and pursued by a dedicated component of the government bureaucracy.

However, intelligent research, education and initiative work pursued in partnership with the government or alliances with other stakeholders can lead to a productive engagement of the public sector. In South America, national as well as international foundations are active in such public policy setting work. For example, the William and Flora Hewlett Foundation has engaged in helping strengthen environmental policy in Brazil through a series of activities. They include commissioning papers and reports to develop public policy strategies, as well as hosting conferences and meetings to convene international and domestic stakeholders, including government officials. In addition, Hewlett funded the costs of several diesel-electric hybrid buses in São Paulo to support a comparison study of their benefits over traditional diesel buses. Focus areas of the foundation's efforts include air quality, fuel efficiency strategies and public transportation systems. In this report, the contribution by Beatriz Azeredo describes how Instituto Desiderata of Rio de Janeiro seeks to work with public policy issues in the areas of education and health (see article "[to be determined]").

One particular model currently attracts increasing attention: the "convenor philanthropy" approach to shaping public policy. Essentially, convenor philanthropy refers to providing a neutral platform to catalyze discussion, fact-driven debate and consensus building around polarizing public issues by providing a safe space that enables all stakeholders to discuss without any one of them dominating the agenda. A European leader in convenor philanthropy is the King Baudouin Foundation in Belgium. In response to Belgium's sequence of food crises in the 1990s that scared consumers, called in question the modus operandi of the food industry and farmers, and left public authorities at a loss, the King Baudouin Foundation acted as a neutral platform for the non-profit "Animal Production in the 21st Century" association. The association had been created by companies involved in all aspects of animal production who wanted to open a dialogue with all relevant stakeholders and interest groups, such as the government, animal welfare organizations, consumer groups, and the retail sector. The Foundation successfully brought missing stakeholders to the table and brokered an open and creative dialogue where participants

were able to develop visions of the future designed to enable stakeholders to develop policy, be innovative and discover new ways of creating value. This led to the launch of the "Animal Production and Consumption in the 21st Century Project" to identify society's needs in the area and the basic requirements for animal production and consumption.

The main conclusion for foundations seeking to engage the public sector in the Latin American context is threefold. First, foundations are well advised to analyze risks and rewards very closely. Second, they benefit from developing strategies that minimize the disruptive impact of stop-and-go patterns in public policy making in the region. Finally, it helps to be aware of the potential impact of the workings of neopatrimonial social relations. In many institutions that foundations engaging the public sector will have to work with, personal relations take precedence over institutionalized work, resource and information flows.