EuroView:

Space for Private Giving sets out new working relationship for government and foundations

By Dr Rien van Gendt

On June 21 2011 the Dutch foundation sector and the Dutch Government signed a landmark agreement, called Space for Private Giving.

It marks a new understanding between the sector and the State in pursuit of their common objective to build a better society. Dr. Rien van Gendt, Chair of the Dutch Association of Foundations, explains the motivations for and aims of this ground-breaking agreement.

Although in the Netherlands it is the Departments of Justice and Finance who are formally assigned the responsibility of dealing with the foundation sector, it was our Prime Minister Mark Rutte who, on June 21 2011 at The Hague, put his signature to a new covenant between State and private funders; a mark of its importance.

This partnership, which is planned for the long-term, aims to achieve a number of outcomes for both parties and ultimately for society, namely to:

- Improve knowledge and information exchange
- Improve the alignment of policies and expenditure
- Develop innovative funding methods to stimulate social initiatives
- Strengthen the infrastructure of the philanthropy sector
- Increase the transparency of the philanthropy sector
- Encourage public trust

The agreement reflects the mutual wish of the foundation sector and the government to get to know each other, to consult with each other and to co-operate whenever deemed desirable by the foundations. It was acknowledged that the government cannot oblige private foundations to join their agenda.

This new relationship is not concerned with foundations chasing government money or government chasing foundations' money; it is rather about sharing knowledge and consulting with each other on issues of substance so that we can work in one direction to greater effect in improving society.

The IMC Weekend School project (www.imcweekendschool.nl/home/english/), a partnership between several foundations and the private sector, is a
good example of privately funded work that could impact at a policy level.

The Weekend Schools offer a practical learning environment for under-privileged young teenagers who lack good role models in their home lives. The School works with the private sector to provide learning, so a law firm might stage a trial in which students learn by taking part. We found students really enjoyed this way of learning; in fact the same students who did not attend regular weekday school were turning up for Weekend Schools.

The success of the approach has led to government asking if they should now implant this approach across all schools. This is a major impact for the foundation sector and a fine example of what can happen when foundations and the government are aware of each other’s work, aims and objectives and can consult and consort.

For me, as Chair of the Dutch Association of Foundations, co-operation with the government is not an objective in itself but is an instrument to further our objectives. The two main objectives of this co-operation from our perspective are:

- To increase the impact of privately-funded initiatives through publicly-funded scaling. In that sense co-operation with the government can allow small initiatives to come to fruition.
- For government to systematically consult in a timely fashion with the foundation sector on future relevant fiscal, legal and policy regulation that affects us. The ambition on our side is to be involved at an early stage – instead of ‘five minutes past midnight’ which has been the situation to date. Only in this way can there be a more stimulating and enabling fiscal and legal environment.

The covenant also makes a number of other mutual commitments including:

- Explore innovative methods and forms of funding private initiatives, such as social impact bonds, the community interest company etc.
- Pilot community foundations, which unlike in the UK and US are a new phenomenon here. Already four projects have been launched, with the Ministry of the Interior, together with Public Housing Companies and foundations working closely together.
- Champion transparency and accountability. We are working on a comprehensive vision on transparency and accountability that could see public charities registered with one central body, as is done in England through the Charity Commission. To achieve this, public charities and endowed foundations will need to develop codes of conduct and it might be that those signing up to them could be incentivised by the promise of lighter touch tax scrutiny than those who do not (a matter of risk analysis for the government).

It is important to re-state: co-operation with the government has to further our objectives as foundations. The underlying rationale for our vision is that the quality of our society should be maintained/improved and that we should work towards integration and the repair of disturbed relations in our society.

A government that is in retreat should cherish a sector that is using private money for the public benefit. The government does not have a monopoly on serving the public good. In my opinion, foundations have many things to offer that go beyond bringing in financial resources, and governments should become aware of it. Foundations have access to distilled knowledge and experience (often
as a result of evaluating their initiatives); they can play an important role in convening parties on important topics; and they have easier access to grassroots experience than the government.

Above all they can, unlike government, take an holistic approach to problems. While the government tends to look at a young person as either a ‘drug-addict’, ‘a school drop-out’ or ‘a young unemployed person’ depending on the relevant government department, a foundation can take a rounded view and furthermore avoid the ‘deficit approach’ to children, applied by the government. Government tends to look at issues in terms of alleviating ‘the problem’, where as our approach tends to build on strengths. So for example, in directing Development Aid in Sub-Saharan Africa, while the government will look at how to tackle the problems children face, we will focus on the resilience of children surviving in very difficult circumstances and explore how we can build on these strengths. It is a very different approach.

In entering this partnership with the government we should be aware of these differences as strengths and note the unique contribution foundations make. Unlike government, shackled to departmental thinking and spending so that interventions must conform to Ministry headings, we are free to take a truly holistic view of an issue and offer whatever intervention is felt best.

I have to admit, that signing a covenant with government did not only attract praise: there were negative feelings from some quarters on consorting with a government that is cutting back severely on public expenditure. While I am sympathetic to these genuine feelings, I feel it is better to form an agreement with one’s enemy than with one’s friend. It is also important to realise that the agreement is not confined to the present government political configuration. It is a long term contract and is committed to working with future governments.

Another strong criticism of our agreement is that it threatens the independence of foundations. This is an argument to be taken seriously and we seize all opportunities that present themselves to emphasise that foundations may want to cooperate with government but that we are there also to criticise and contribute to a pluralistic society.

A final note: the Covenant with the government has led to intensified communication between the two sides. What has struck me most is the fact that foundations were and are an unknown factor to the government. The government was hardly aware of what foundations were contributing to society. It is our task to advocate the role of foundations in society and thereby contribute to a better climate for foundations to flourish; worse than regulation is ignorance.