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Notable Books

EFFECTIVE PHILANTHROPY: Organizational Success Through Deep Diversity and Gender Equality
By Mary Ellen S. Capek & Molly Mead
Reviewed by Kevin Bolduc

THE WHITE MAN'S BURDEN: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good
By William Easterly
Reviewed by Deborah Burand

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EFFECTIVE PHILANTHROPY Organizational Success Through Deep Diversity and Gender Equality

Mary Ellen S. Capek & Molly Mead

320 pages (Cambridge, Mass.: MIT Press, 2006)

Reviewed by Kevin Bolduc

The question of what constitutes effective foundation philanthropy has received increasing attention and generated healthy new debate over the past several years. This debate has been driven in part by an increase in external scrutiny of foundations, and in part by foundation and nonprofit professionals who passionately believe that the field of philanthropy is obligated to maximize the impact of its growing resources. While many have weighed in with their opinions on the issue, little consensus has emerged on how effective philanthropy should be judged.

Stepping into this fray, Capek and Mead lay out a bold goal for their latest contribution to this discussion: "to provide readers with an understanding of gender … that is sufficient to unlock organizational norms that impede effectiveness: those formal, informal, and unconscious ways difference is locked in or (better said) locked OUT of organizational structures and cultures." They also aim "to offer insight into how understanding gender enhances and strengthens innovation and effectiveness."

This isn't a book about combating discrimination in foundations. Nor is it explicitly a guide for improving funding to women and girls. Rather, it is a call to understand "deep diversity" – and gender's role as one aspect of diversity – as integral to increasing foundations' learning, creativity, flexibility, growth, communication, and leadership. The authors repeatedly emphasize that once deep diversity is institutionalized in both board and staff, the ultimate barrier to effectiveness – failing to recognize and question social and organizational norms – will be challenged.

The authors posit a simple definition of effective philanthropy as "philanthropy that has impact." In chapters 5 and 6, they make the case that understanding the role of gender in funding youth programs and international grants leads to greater philanthropic impact. These chapters combine quantitative and qualitative data to make the point that achieving impact through universal funding – programs that serve both genders – can be tricky.

The authors present a strong case for targeting at least some grantmaking to girls-only or women-only programs. They also make the point that foundations have a role to play not only in improving their philanthropy, but also in improving their grantees' programs. By funding programs targeted to girls and women and by bringing a consciousness of gender-associated differences to grantees that run universal programs, foundations can increase their impact.

The standard of evidence for effective philanthropy needs to be higher than foundation insiders telling good stories about their own work.

However, the authors' evidence for the idea that deep diversity plays an important role in generating *overall* philanthropic effectiveness is weaker. To argue that case, Capek and Mead rely on interviews at six different foundations, selected because unnamed "peers" respect them for their institutionalization of deep diversity. The six foundations are the Otto Bremer Foundation, the California Wellness Foundation, the Hyams Foundation, the Jessie Smith Noyes Foundation, the Philadelphia Foundation, and the Public Welfare Foundation.

In each case study, the foundation's leadership tells the story of how attentiveness to gender and racial diversity has changed the thinking at their respective foundations. To suggest that this creates overall effectiveness, the authors look for what they call "benchmarks of effective philanthropy," such as providing core support, multiyear grants, responsive grantmaking, balanced and respectful power relationships with grantees, "and so on."

As likely as it may seem to the authors and others that each of these practices leads to effective philanthropy, there is little data about whether they actually do so. For instance, there is a vigorous yet unresolved debate in the field, mostly in the absence of data, about whether core (or operating) support is actually more effective than program (or project) support.

Capek and Mead offer no contrasting information by which to judge these cases. Those held up as exemplars are not compared to foundations

that are less well regarded for their understanding of diversity. Nor are readers offered much of a look at how these six foundations functioned before they institutionalized deep diversity, making it difficult to understand diversity's role in creating effectiveness.

Finally, the vast majority of perspectives offered come from within the very foundations held up as exemplars – hardly an objective perspective. The Center for Effective Philanthropy (CEP), my organization, has surveyed the grantees of all but one of these foundations, and we know that, at least from the grantees' perspectives, not all of these foundations are effective in the ways the authors assert.

For example, Capek and Mead cite strong interactions with grantees as strengths tied to the deep diversity of these foundations. Yet in CEP surveys, grantees of at least one of the six foundations rated its approachability, responsiveness, and fairness very poorly. On average, they rate this foundation's interactions in the lowest 10 percent of the 180 foundations whose grantees we surveyed. Evidence of overall effective philanthropy requires a higher bar than foundation insiders telling good stories about their own work.

Measuring foundationwide social impact is nearly impossible for most foundations of any size or complexity. As a result, it is tempting to declare that certain foundation practices lead to greater social impact simply because the practices seem effective. We should resist this tendency. The authors present solid evidence of gender-associated differences in outcomes for specific funding areas, such as international grantmaking and youth programs. They also make a strong case that foundations interested in these areas must be mindful of deep diversity to achieve effectiveness. However, this case does not generalize to foundations focused on other funding areas or to overall foundation effectiveness.

Much of this book, though, is an important reminder for all of us to continue to question the status quo. While we're at it, though, we should also question the all-too-common practice of asserting effectiveness without drawing on rigorously collected data from diverse sources. Only when we marshal such evidence will we be able to understand what constitutes effective philanthropy.

Kevin Bolduc is associate director of the Center for Effective Philanthropy, a nonprofit research organization focused on foundations' efforts to define, assess, and improve their overall performance.

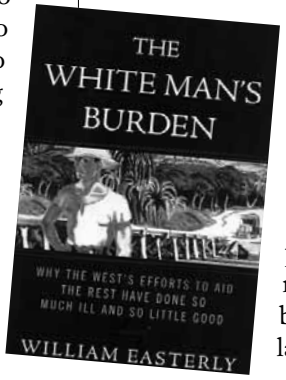
THE WHITE MAN'S BURDEN
Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good

William Easterly

448 pages (New York: Penguin Press, 2006)

Reviewed by Deborah Burand

I should admit that, before turning even one page of William Easterly's book, I was predisposed to like it. After all, this is the man who has said publicly that if he were to inherit $1 billion, he would, among other things, "give it to the university in Burundi and the university in Ghana and all the other people around the world who are finding things that work. You know, dating all the way back to Muhammad Yunus, who started Grameen Bank, there are so many examples like this that aid could find, and yet today it's not funding them, and so many opportunities are being lost."[1]



As the executive vice president for programs at the Grameen Foundation, I am delighted whenever I hear of billion-dollar bequests to our cause, even if only hypothetical. Now, however, after reading Easterly's scathing assessment of the harm that official foreign assistance has done in the world, I am less enamored. But the reason I am no longer as keen on his book has less to do with what it says than with what it doesn't say.

Easterly divides the world between "planners" and "searchers." According to him, planners are those who impose solutions from the top down, apply "global blueprints," and raise expectations without fostering accountability. In contrast, searchers look for answers from the bottom up, adapt to local conditions, and accept responsibility for their actions. Dr. Yunus, in Easterly's parlance, is a searcher.

Easterly has a lot to say to (and about) the planners of this world, including the U.N., the IMF, the World Bank, and Jeffrey Sachs, to name a few. Nearly all of it is critical. Easterly has much less to say to his searchers and those who are looking for ways to scale up searchers' breakthroughs.[2] Easterly probably would argue that this omission is by design for, as he is careful to announce, "above all, this book is not a plan" and "the right plan is to have no plan." So what is a reader of Easterly's book to do, particularly if that reader is

an über-philanthropist like Bill Gates, with the combined billions of Gates and Warren Buffet at his disposal? And what if the lines differentiating planners and searchers are not as distinct as Easterly suggests?

All of which is to say, delivering effective aid is hard work, and the lines between the good guys and the bad guys are never quite as clear as Easterly suggests. Warren Buffet recently said that philanthropy is a "tougher game" than business. "In philanthropy, the most important problems are those which have already resisted both intellect and money."[3] Here Buffet has it exactly right. Smarts and dollars aren't enough. Moreover, if doing good is hard to do, doing lots of good is devilishly hard.

As Easterly and Buffet are apt to agree, the challenges facing people working on the frontlines of development are complex, sometimes overwhelmingly so. Easterly helps to shed light on many of these complexities and spends much of his book pointing out, in colorful language,[4] why so many Western assistance efforts have failed as a result, and are doomed to continue to fail.

Easterly is less nuanced, however, when he looks at the searchers' "solutions" that he highlights in his book. Easterly, a man who clearly has invested his heart as well as his mind in identifying the complexities inherent in channeling aid and making those who deliver foreign assistance accountable for results, does not seem aware, almost willfully so, of the complexities that are often inherent in searchers' "solutions."

For example, we are told in Easterly's "Snapshot: The Secret History of the Grameen Bank" that "microcredit is not a panacea for poverty reduction that some made it out to be after Yunus' discovery. … Microcredit didn't solve everything; it just solved one particular problem under one particular set of circumstances – the poor's lack of access to credit except at usurious rates from money lenders."[5]

Easterly is correct that microcredit is not a panacea for poverty reduction. But he is wrong when he fails to acknowledge what access to financial services can mean for poor women. Take the female microentrepreneur in Tanzania whom I met while attending a celebration of the opening of a new branch of a Tanzanian microfinance provider. The audience of female microentrepreneurs was a shifting rainbow of color, swaying in song.

Smarts and dollars often aren't enough to solve the world's toughest problems. And if doing good is hard to do, then doing lots of good is devilishly hard.

At the end of the ceremony, a woman client of the microfinance institution approached me. My Swahili interpreter translated. "She has come to thank you for her soft knees," the translator said. "Her what?" I asked. "Her soft knees," he repeated.

Seeing the look of confusion on my face, he spoke again to the woman, and then turned to me and explained. "Because of her microfinance loan and the business it finances, she no longer has to kneel at her husband's feet to beg for money for their children's school fees."

I doubt if this woman or the millions of microentrepreneurs like her would agree with Easterly's characterization of microcredit as a solution for "one particular problem under one particular set of circumstances."

Sometimes microcredit is more than just access to loans. Sometimes microcredit also contributes to the education of a daughter and the soft knees of her mother. For Easterly's searchers of this world, this is why we continue searching.

Deborah Burand is executive vice president, programs, at the Grameen Foundation USA, a nonprofit that seeks to eradicate global poverty by providing financing, training, and technology to microfinance institutions around the world. The views expressed in this review are her own.

1 "Foreign Aid and Developing Economies," an on-the-record discussion at the Council on Foreign Relations, May 12, 2006. An audio recording of the discussion is available at CFR's Web site.
2 Easterly is not altogether silent on what can be done to stimulate and support today's searchers, but he unfortunately pays this issue much less attention. In the book's last chapter, "The Future of Western Assistance," Easterly takes a stab at ending on a hopeful and, dare I say, "prescriptive" note by outlining six principles that should inform aid to the poor. Easterly then exits with a clarion call to all who care about the poor. Activists are told to quit fundraising, and instead to start making sure that aid reaches the poor. Researchers are told to search for ways to improve the aid system, for "piecemeal innovations" that improve the lot of poor people, or for ways to "make homegrown development happen sooner." Aid workers are told to "forget about utopian goals" and specialize in what they do best. And citizens are told to become a voice expressing dissatisfaction with planners and calling for more searchers.
3 "The New Powers in Giving," *The Economist* (July 1, 2006): 65.
4 Amartya Sen, in a generally positive review of *The White Man's Burden*, goes so far as to characterize some of Easterly's language as "purple prose" in his review essay, "The Man Without a Plan," *Foreign Affairs* (March/April 2006).
5 *The White Man's Burden*, p. 59.