

## Smart solution for corporate philanthropists

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When Ted Turner pledged 11 years ago to give \$1bn to the United Nations to cover the unpaid dues of the US, there was an unexpected hitch.

Under UN rules, the US could not abrogate its debt, and there was no mechanism for individuals to make donations to the UN. So Mr Turner, who had founded the cable television channel CNN and sold it to Time Warner, created a foundation to make the donation. The idea was that the funds would be channelled into UN causes - poverty, maternal and child health, and protecting world heritage.

Mr Turner's solution also led to an unexpected benefit for UN causes. The foundation, whose board includes such heavyweights as Kofi Annan and microfinance pioneer Muhammad Yunus, has turned out to be an unexpected draw for corporate donations to the UN. These are now running at around \$700m, slightly ahead of Mr Turner's \$50m a year donation (his \$1bn is being donated over 15 years). Buoyed by the inflows, the UN Foundation plans to raise another \$1bn by 2017.

The rapid rise in corporate donations has come at a time when the UN has been struggling with a decline in its image, especially in the US. Yet it is easy to see the attraction for donors. In the UN, companies find a menu of philanthropic options, from Unicef to the World Health Organisation, under a relatively respectable charitable umbrella, and also guidance as to how to channel their funds.

Corporate philanthropy is expected to be badly hit from the financial crisis, because financial firms were among the biggest donors. However, there has been no sign of cutbacks as yet, apart from the specific firms - Lehman and Bear Stearns - that have failed.

Amir Dossal, the manager of the UN Office for Partnerships, says: "We have become a gateway for partnerships with the private sector . . . we are a broker for causes."

The UN Foundation, which has been run since its inception by Tim Wirth, a former Colorado senator, receives the money while the UNOP works out how to spend it within the UN. It attempts to tailor the projects to the goals and activities of the corporate giver.

Mr Dossal himself has evolved into something of a point person for corporate philanthropy. His office handled about 500 inquiries last year from assorted foundations, corporations and institutions.

The UNOP was formed on the cusp of a rapid shift in corporate philanthropy. Instead of writing a cheque to selected charities, companies are increasingly trying to choose projects that they can be actively involved with and which encompass parts of their business. This approach, sometimes called "strategic philanthropy", is gathering momentum alongside the idea of "capitalist philanthropy", which holds that charitable giving should be seen as an investment.

The UNOP idea of forming partnerships with corporate givers lends itself to both. "Our earliest programme was HIV Aids, in Africa, with Coca-Cola," says Mr Dossal.

Coca-Cola, the biggest employer in Africa, had thousands of delivery trucks criss-crossing the continent daily. The company was directly affected by the scourge of Aids, with workers dying at a great rate. Through a plan devised with the UNOP, the Coca-Cola trucks now carry condoms and Aids literature into every African village.

Through UNOP, Vodafone has helped develop an emergency response system for aid workers in Africa with its mobile phone technology, and Dow Chemical is working on a pilot programme to establish global guidelines for water treatment.

Many companies have their own ideas of where they want to donate, but Mr Dossal says: "I encourage them to do two things: focus on Africa, and focus on safe drinking water. Don't think of it as charity, but think

of it as investing."

The increased role of the UN is recognised by other philanthropic organisations. Charles Moore, the director of the Committee for Encouraging Corporate Philanthropy, an invitation-only group whose members include chief executives of most of the world's biggest companies, says: "The UN is getting much smarter at breaking down its goals and showing companies what they can do to help achieve them."

The UN tries to argue the case for investing in the developing world as a way of establishing goodwill in those countries over the long term, in order to reap the benefits when they develop their economies.

Mr Dossal, who has spent more than 20 years at the UN, is not above making suggestions of his own to would-be donors. "Wal-Mart, which has a huge foundation and gives away \$250m a year, came to us and said they were interested in doing some projects on women and the environment. But we said, what we'd like you to do is open a Wal-Mart in Africa. If you do that, you create employment and improve the quality of life for people right away rather than giving charity."

The US retailer told the FT that it was always looking for new markets, "but it is a long process. However, we thank him for his suggestion."

The UN is also turning its attention to persuading countries outside the US to develop a greater tradition of private donations. "In the US, there is \$300bn-plus a year in charitable giving. People in the US say: 'I have made money, now I need to make a difference with the money'. That doesn't exist as much in other parts of the world," says Mr Dossal.

Mr Moore says his group is considering pairing with the UN to develop an international philanthropy day, in which big corporations would help solve the UN's Millennium goals, eight stated aims that are supposed to be achieved by a deadline.

Mr Moore remarks: "Companies do better when they align their philanthropy with their business model . . . and when they become part of a solution."

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