

**The Public, the Personal, and the Philanthropic:  
German-American Perspectives on Giving and Engagement  
European Fundraising Association  
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Thank you, Becky Ann Gilbert,

Professor Witkowski, welcome to Berlin. As some of you may know, Professor Witkowski teaches at Lilly Family School of Philanthropy at Indiana University.

The Lilly Family is one of America's great philanthropic families. The Lilly Endowment, one of the nation's largest private foundations, was established in 1937, and the Lilly family name became synonymous with philanthropy.

The impact of the family and the foundation has been – and continues to be – immense in causes ranging from community development to education to religion, even to philanthropy itself as they have generously supported America's first university faculty of philanthropy. And Eva Aldrich, like CFRE International, it is dedicated to improving philanthropy in order to enable positive and lasting change in the world.

The story of the Lilly family illustrates how philanthropy has become an integral part of the American story.

When the United States was founded, the role of government was to only do for the people what the people could not do for themselves. From its earliest days, America was a nation of self-reliant people, with a distrust of centralized government, and a preference for minimal government authority. In 1831, the French historian and political thinker Alexis de Tocqueville travelled through the United States, and observed first-hand the spirit of self-reliance that was so characteristic of America.

He used the following anecdote to underscore the differences he saw between America and Europe. A French farmer was on his way to market in a neighboring town, but a tree had fallen across the road in a storm the night before, blocking the way. He turned his wagon around and drove in the opposite direction to the next larger French town to notify the governing authorities. By contrast, de Tocqueville described the conduct of an American farmer in the same situation. Instead of taking a time-consuming detour to complain to the local authorities, the American farmer went to the nearest farmhouse and asked his neighbor, "There is a tree across the road. Will you help me move it?"

In early America, local institutions included not only local government but also faith-based or church organizations, and volunteer associations that were established throughout the country in the 19th and 20th centuries as masses of immigrants from Europe arrived. Between 1820 and 1870, over seven and a half million immigrants came to the United States. The population doubled. While the Lilly family was from Sweden, almost a third of that stream of immigrants came from Germany, including my great-grandfather. The last stop on the railroad from the ports on the East Coast was where local government ended; and that was where German immigrants, independent of government support, began to found towns and the institutions that became the building blocks of civil society: churches, schools and hospitals.

When building new communities on the edges of the American frontier, immigrants were not only without federal government support, let's not forget- they were also now members of a new republic without a monarchy or a wealthy noble class. Royal patronage, a key source of funding for education, the arts and sciences throughout Europe during the Middle Ages, the Renaissance and the Age of Enlightenment, was nonexistent.

So German immigrants adapted to the American “spirit of liberty” that de Tocqueville described as “the strength of free nations,” and learned to provide for themselves.

Today, over two centuries later, it is interesting to see where America's private donor dollars go. In 2013, Americans donated a total of \$335 billion to philanthropic causes, 70% of which went to religion, education, health care and human services, the same societal cornerstones first supported by German immigrants. One could say that, in some ways, the birthplace of American philanthropy was Germany, or at least, Germans!

But in Germany itself, and elsewhere in Europe, generations of people have come to believe that government is chiefly responsible for caring for its citizens from cradle to grave – in other words, that these same four cornerstones of civil society are part of the established social contract between citizens and their government. Private philanthropy in these areas is seen as complementary to state action; and perhaps even as a sign of state failure. So, despite the fact that foundations were first founded in Germany in the Middle Ages, the culture of philanthropy is weaker because of government's strong role.

This is not to underplay the impact of civic engagement in Europe, and in particular Germany. The grassroots ecological “green” movement in Germany in the 1970s and 80s, which one could argue is a forebear of today's

"Energiewende," and the freedom movement that brought down the Berlin Wall, both grew out of the idea of civic initiative.

And the idea of private philanthropy is expanding as well -- albeit sometimes too slowly from the point of view of the potential beneficiaries. In a study published last June by the Robert Bosch Foundation on the Future of Foundations, the share of Germans willing to engage in civic activities and organizations has risen by 40% in the past 10 years. There is a growing feeling that individuals can make a difference, and an understanding that government cannot do it all. And given the demographic trends in Germany's aging population as well as today's era of public budget tightening throughout Europe, the reality is that government will not be able to do it all.

Fortunately, individuals and foundations are not only increasingly supporting traditional government areas, such as health care and education, but other areas as well, such as international solidarity, human rights, environment and development aid. 40% of these so-called Third Sector organizations were formed after the year 2000.

Private German resources are growing too: More than one million millionaires now live in Germany. As the founders of the post-war businesses that built the Wirtschaftswunder retire, an extraordinary transfer of wealth is taking place. Many new foundations are actively run and managed by the retiring founders – as a second career.

Here in Germany, when our host, the Mercator Foundation, was established in the 1990s, some 200 foundations were created per year; it is now some 900 a year. In the past ten years, the number of German foundations has increased by around 70 %, from 12,088 (2003) to 20,150 (2013). The growth of such foundations is one reason why philanthropy is shifting up a gear. And in 2013, the total annual value of inheritances was 254 billion euros. By 2020, it is estimated to increase to between 330 and 360 billion euros.

But there is still social and cultural work to be done to continue to educate Germans that they can make an impact with their philanthropy, that they can influence and shape society through their giving, because when you raise and give in significant numbers, you have a voice in making change and policy.

One great example of German and American philanthropic cooperation is in the area of global development and humanitarian aid -- In 1985, Rotary International, with major input from German Rotarians, launched its PolioPlus program, the first initiative to tackle global polio eradication. Altogether, Rotary Clubs and their members have contributed more than \$1.3 billion and countless volunteer hours to immunize more than 2.5 billion children in 122 countries. (Incidentally, I was a beneficiary of the Rotary Club International when I had the opportunity to study for a Master's in Private Law in Aix-en-Provence as a Rotary Scholar!)

Rotary's focus isn't only fundraising, however, because with its funding clout, it has also engaged successfully in advocacy and awareness-building. Its advocacy efforts have played a role in decisions by the World Health Organization, the U.S. Centers for Disease Control and Prevention, UNICEF, the Bill & Melinda Gates Foundation, and donor governments to participate in the Global Polio Eradication Initiative.

But the Rotary example is not necessarily the rule. Often, the reaction to humanitarian issues is more reactive than proactive. Many people tend to give into the moment, such as when they hear news about a natural disaster.

That moment of feeling good, doesn't mean you are accomplishing the greater goal; our hearts get in the way of our heads and giving is based on a sense of altruism rather than knowledge, research, and strategy. As Bill Gates says, you have to work just as hard at giving away your money as you do at making it.

This was the same advice that Eli Lilly gave to his daughter in 1939. He encouraged her to give part of her allowance to 'worthwhile charitable and educational objects.' But he said: 'This sounds easy, but the catch is that it takes lots of time and study to know what objects of that nature are worthwhile and what are not.'

Donors are getting more and more strategic, and the concept of "venture philanthropy" has emerged. Today, the best foundations are increasingly businesslike. They want clarity, accountability, and measurable results. They often see their task not just in terms of handing out money, but of forging alliances and building networks with government and industry, or among fragmented groups of charities. Such groups are able to make coordinated, multi-year gifts that have true impact and give them the power to lobby the government and coordinate their advocacy messages.

An American example of private donor and foundation clout is seen in philanthropy to some public institutions, like universities and hospitals. For example, when the Florida legislature moved to cut the University of Florida's budget, wealthy donors mobilized and successfully advocated to protect it. That is shaping policy and priorities.

Let me talk for a minute about my work on the board of Human Rights Watch, one of the most unique and impactful human rights NGOs globally. Part of the reason I got so involved with HRW is because of its "venture philanthropy" nature -- I was moved by its mission, but more importantly, I was impressed by its level of professionalism -- in its staff, in assessing and executing its mission and in strategically determining how its resources -- both financial and human - - were deployed.

Over the past few years, the management and board have worked together to redefine and clarify HRW's mission -- this is so important for every NGO. Never to be static, always to think dynamically, to make sure that your work is aligned with your stated mission and that your mission is serving its target audience.

HRW is 38 years old. In its early days, it was focused on investigating and exposing human rights abuses, but as the organization evolved, it realized that its work was less meaningful and effective if it could not show measurable results and positive impact.

Today, the mission is threefold: investigate human rights abuses, expose them, and force change at the highest policy levels, thereby improving the lives of the weak, the powerless and the vulnerable. HRW also developed four core values that underly its mission: (1) maintaining its independence as an organization, both monetarily and politically; (2) fact-finding that is factual, accurate and ethical; (3) making an impact; and (4) working in partnerships.

Five years ago, HRW's annual budget was \$40mm. Today it is \$75mm. How did that growth happen? In 2010, George Soros responded to HRW's request for \$50mm to expand its presence in the Global South, where powerful economic engines such as India and Brazil, and strategically placed countries such as South Africa and Australia, were gaining a greater voice in international affairs and foreign relations. HRW realized that it needed to be in those places to be truly effective.

Soros agreed with this new strategic plan, so much so that he doubled the ask and gave HRW \$100mm, or \$10mm over 10 years. Enough to grow substantially, but also incentive to increase fundraising. In fact, his gift was conditional on HRW matching half of that amount with new funds each year.

The plan was to internationalize the organization. Today, HRW is halfway through the Soros grant and has kept up with its financial plan to grow \$5mm in new money each year, not one cent or euro of which is provided by any government. 100% are individual donations, private foundation grants and a small amount of corporate gifts, all of which are thoroughly vetted to ensure that there are no possible conflicts of interest. Insofar as internationalization, HRW now has a staff of over 400 from 76 nationalities speaking over 86 languages in 62 cities. 40% of the budget is now raised beyond America's borders. Of 800 council members, 600 reside outside of the US.

HRW is successful at fundraising because it gives donors confidence that they are not just making a gift, they are making an investment in changing the world, with measurable results. In Germany, this message is just beginning to find resonance as Germans understand that organizations like HRW cannot do their work without private sector philanthropy.

Philanthropy begins with the heart, but love for humankind is not always enough. To tackle the huge, complicated problems affecting the lives of those around us, we need the support of others. We need to do more with less, channeling precious philanthropic resources into innovative ways of giving – learning constantly, partnering with others, pooling funds, and generating new ideas by sharing knowledge and experience. This is the directed and engaged approach to philanthropy that we need today.

Thank you very much, and I look forward to hearing your comments and answering your questions.