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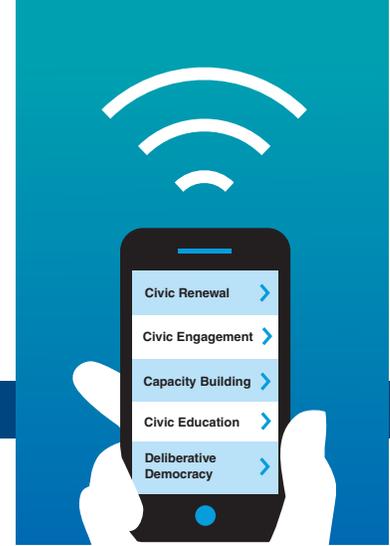
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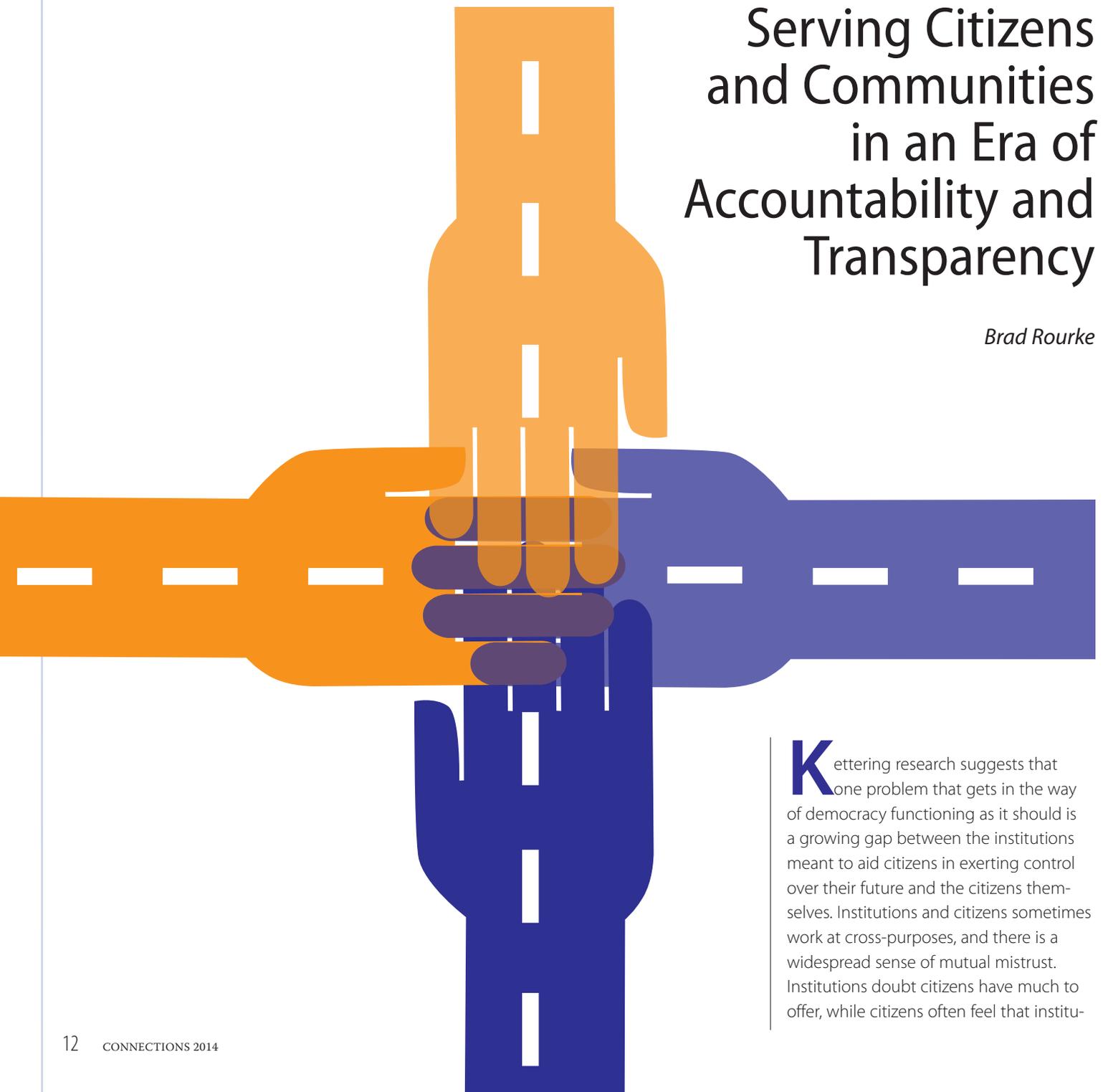


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Philanthropy at a Crossroads

Serving Citizens
and Communities
in an Era of
Accountability and
Transparency

Brad Rourke



Kettering research suggests that one problem that gets in the way of democracy functioning as it should is a growing gap between the institutions meant to aid citizens in exerting control over their future and the citizens themselves. Institutions and citizens sometimes work at cross-purposes, and there is a widespread sense of mutual mistrust. Institutions doubt citizens have much to offer, while citizens often feel that institu-

tions are only concerned with furthering their own aims. So one of the things Kettering studies is ways that institutions' and citizens' work can come into greater alignment.

Institutions are not just large governmental constructs or national bureaucracies. The so-called "social sector" is filled with institutions—organizations established on behalf of the public. One such field is organized philanthropy.

Philanthropy, like most institutions, is now facing a growing public call for accountability; this provides an opportunity for the field to engage in stocktaking on the issue. Kettering research as well as that by others suggests that what citizens mean by "accountability" and what institutional actors do in response is often very different. Kettering wanted to know what this important field makes of the increasing emphasis on accountability, so we worked with Philanthropy for Active Civic Education (PACE), a group of foundations that fund initiatives related to democracy, to engage a number of philanthropy and other nonprofit leaders in a series of discussions on this issue. The results are collected in a new Kettering/PACE report, *Philanthropy and the Limits of Accountability: A Relationship of Respect and Clarity*.

The conversations that this report details did not result in a series of pronouncements or a five-point plan of action—nor were they intended to. The intent was to describe the kind of conversation that philanthropy leaders feel the field ought to have about this topic.

Following are four main insights from the report, along with questions these insights suggest. These questions could stimulate greater stocktaking in the future.

1 Philanthropy is at a crossroads as it experiences increased pressure from all sides to solve public problems and to be more accountable both for outcomes and its relationship with communities.

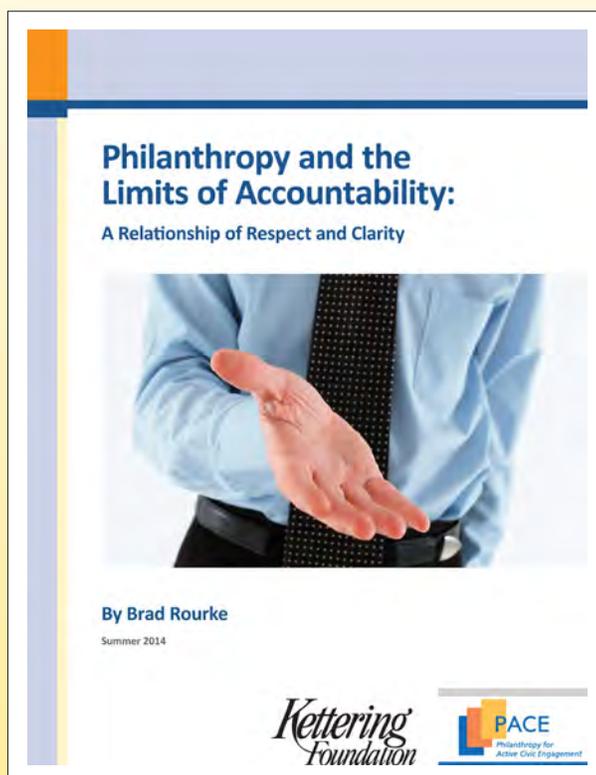
Foundations have few external pressures beyond a set of *pro forma* legal operational requirements imposed by the

ADDITIONAL READING FROM KETTERING AND PACE

Philanthropy and the Limits of Accountability

A Relationship of Respect and Clarity

by Brad Rourke



Kettering Foundation and PACE | 2014
FREE • 17 pages

Philanthropy and the Limits of Accountability: A Relationship of Respect and Clarity, a joint effort by the Kettering Foundation and Philanthropy for Active Civic Engagement (PACE), explores how the field of organized philanthropy might think about responding to a growing movement for accountability and transparency. The report distills the results of three roundtables, in addition to one-on-one conversations, with philanthropic and nonprofit leaders about how the issues of transparency and accountability might soon impact the field of philanthropy.

To download this FREE publication, visit www.kettering.org.

Philanthropy at a Crossroads

federal and state governments, yet among those within philanthropy, there is often a sense of being besieged. There is almost a bunker mentality.

Participants in these conversations point to many efforts by different levels of government that they see as threatening their ability to do their work. Foundation leaders sense a kind of growing isolation coupled with greater need to show impact. Philanthropic institutions themselves are changing, becoming both more independent and at the same time more reliant on a relationship with the public. Philanthropy is beginning to occupy a space that goes beyond the supplemental role it has traditionally played in public life.

Research suggests that there is a gap between the institutional view of accountability and what citizens mean when they think about it. Citizens want to feel that they can trust institutions and that they are in some sort of relationship together.

The sector is more and more often stepping in to play a role that had previously been the exclusive purview of the public sector.

Such public activities are difficult without a working relationship with the public, and yet how do institutions that consider themselves private find ways to constructively engage with citizens? The more it occupies this public space—and is seen as responsible for doing so—the more philanthropy will need to consider how to engage the public in their decision-making and priority-setting processes.

Philanthropy might ask: What are our responsibilities as institutions with a growing public role and public trust?

2 Transparency may be a necessary component of accountability, but it is not sufficient—and too often may be obfuscating.

One way institutions try to demonstrate accountability is through *transparency*. Institutional actors think that if the public could see the data for themselves then they would trust institutional decisions more. No one denies that transparency is an important component to establishing and maintaining trust between philanthropy and the broader public. Sunlight is a critical disinfectant. But there are problems, too, according to the participants in these conversations.

Relying solely on transparency places the burden of responsibility on the public. The public must be able to make sense of the information being provided. This can be problematic in the case of large amounts of data. People may (rightly) see these massive troves of data as obfuscating, a way to actually decrease accountability.

One conversation participant described

how efforts to be accountable through transparency could create problems:

In the end, we need some smart person, or librarian or whoever, to take all that data and process it, and be able to develop a relationship where you can have a conversation about performance that is coherent, where you can say, “So here’s the deal. We’ve looked at this [data], and so it does look like this school’s getting a little better, but when we look at it, it’s really the kids from that side of Broadway, not this side of Broadway.” [You need to be able] to actually make sense of it.

The idea that transparency, by itself, is just not helpful was a common theme. Foundations, these participants felt, needed to take the next step and go beyond transparency.

Philanthropy might ask: How can we add clarity and context to transparency?

3 Strategic philanthropy and collective impact initiatives may paradoxically tend to make philanthropic organizations seem less accountable.

Philanthropy works mainly through intermediaries. Foundations give money to others who in turn do work. Many foundations, seeing intractable problems in communities, are trying to structure their grantmaking so that there are clear and measurable results that can be achieved.

This desire for impact is at the heart of a growing body of thought that sees accountability as inextricably linked to institutional performance—linked to outcomes. This has given rise to a number of approaches, including *strategic philanthropy*, *impact investing*, and *collective impact*. But with the kinds of difficult public problems that philanthropy increasingly takes responsibility for, such approaches can be problematic. The empirical questions (what will achieve impact?) are one thing, but since these are public questions, they are also wrapped in normative issues: what *should* we do?

Participants in these conversations pointed out that strategic philanthropy is a double-edged sword. As foundations try to show more impact, they may take actions that can appear unilateral and unaccountable. According to the participants in these conversations, foundations are increasingly choosing and even implementing solutions themselves—as opposed to responding to the ideas of others. According to one:

There’s a rather strong strain . . . of foundations now deciding that they know what the problem is and that they know what the solution is and that they’re now going to be sub-

Philanthropy at a Crossroads

contracting [with nonprofits] to actually do the work as if they are paid employees or paid consultants.

Philanthropy might ask: What is our real responsibility for showing impact? How much can or should we control?

4 Accountability isn't just about outcomes; it's also about relationships.

Research suggests that there is a gap between the institutional view of accountability and what citizens mean when they think about it. Citizens want to feel that they can trust institutions and that they are in some sort of relationship together. In a Public Agenda study for Kettering, *Don't Count Us Out*, citizens focused on tangible evidence of being respected: Will they pick up the phone if I call? Is there someone I can talk to about my concerns? Do they listen to people like me?

Institutional leaders view accountability differently than citizens. An institutional response will seek to show evidence of effectiveness and impact, of good processes fairly followed, of open data, and of openness to scrutiny. These add up to accountability. But others see accountability as inherently relational in nature. Results and transparency are necessary—but not sufficient.

One conversation participant summed it up: "It's not just relationships, and it's not just outcomes or metrics. It's both." Another said: "There is a deep discontent among grant recipients, including the ones that get the money, with the way in which decisions are made and the lack of humility, engagement, discussion with what's going on."

Participants in these conversations called for an approach to accountability rooted in respect for the role of the public and that seeks to provide clarity about

what institutions are trying to do and why they are trying to do it.

Such a relational view of accountability assumes a different role for institutions. Rather than existing in order to do their own work, or to work on behalf of citizens, institutions are one of many means by which citizens have a hand in acting.

Philanthropy might ask: How can we improve our working relationship with citizens and demonstrate respect?

As philanthropy responds to the changed world and its emerging new role, it might do well to look for ways to consider these questions, mindful also of the fundamental relationship of respect and clarity that their publics seek.

Moving forward, Kettering and PACE hope to take part in further conversations on these questions as philanthropy continues to take stock.

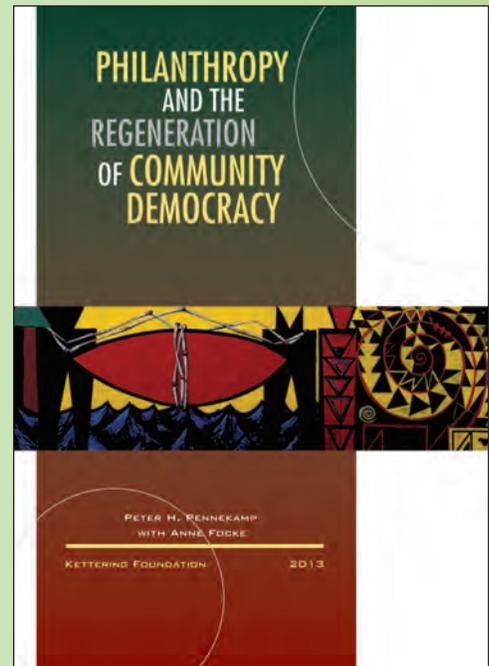
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ADDITIONAL READING FROM KETTERING FOUNDATION

Philanthropy and the Regeneration of Community Democracy

by Peter H. Pennekamp with Anne Focke

The inquiry described in this Kettering Foundation occasional paper is located within a current debate in philanthropy and among its critics about the behavior of public foundations (including community foundations) and private foundations alike. Peter Pennekamp, who was the executive director of the Humboldt Area Foundation from 1993 to 2012, explores the questions of why and how community democracy can be both a cultural choice and an organizing system for philanthropy. Pennekamp accomplishes this through stories that demonstrate the principles and practices, continually refined by experiences in Northern California communities and by lessons from other communities.



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