

recipient of your money to your office, favourite eatery, club or house is not the best way forward. Go to where they operate and meet the team and the clients. It may be uncomfortable at first for you but if you want to get the best out of the meeting you will want them to have the opportunity to perform well so you can see how good they really are. Whilst your gleaming, marble clad office is congenial, it might be intimidating to others.

Another aspect of the “dark science” is that of measurement and impact. I believe it is important to understand more about this subject and there is much good work currently being done. However, for some organisations, notably the small ones, it's a tough subject. You know that in your personal relationships, friends and family, you will on occasions, try to help someone who is not doing well, or who is not dealing well with some of what life has to throw at them. If, after this support, you were asked to measure your impact or effectiveness, you might find it tough to offer anything other than qualitative comments. However, you will often be dealing with organisations which are working on just such issues. If, for example, you were interested in funding improvement in self esteem, could you measure it? Probably, but it could be difficult and costly.

When you have come from a corporate background, measurement can be much easier. These days, the return on capital reigns supreme. It is kind of easy; you put a certain amount of money in and hope to get more out. The return on “human capital” can be more challenging. My plea here is to ensure that you don't push measurement and impact beyond its practical and realistic use – these are people we are talking about, not units of production.

Finally there is a darkest relationship issue. All the best things come from trusting relationships. When there is trust there is more opportunity for shared success. Once you have trust, the organisation that you are involved with can come to you and talk to you about their real challenges rather than selling you success only. Trust is earned and invested in, it is not automatic; in fact we live in a society that prefers to check and audit than trust. Trust can shine a bright light on your involvement with a great organisation.

So, is there a dark side of funding? In my view: a very definite yes. Is it intentional and malicious? Generally, no. Can you make better philanthropic decisions in the light? Without a doubt. Don't be trapped into some notion of applying with rigour the lessons of business; apply them with appropriate care. Remember, you are dealing with people who are trying to help disadvantaged and excluded people and provide opportunities for those that have never had any.

In conclusion, ask open questions, go to their sites and talk to their clients, put measurement into a helpful context and learn the power of trust – live in the sunshine!

Ten Things You (Probably) Didn't Know About Philanthropy in The Netherlands

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1. According to the John Hopkins Center for Civil Society Studies, the Netherlands is considered to have the world's largest non-profit sector in terms of percentage of the economically active (paid and unpaid) population. Annual giving to philanthropic causes amounts to 0.7% of Dutch GDP.
2. Dutch government and legislation does not have a coherent or systematic policy towards non-profit organizations per se. There is no overarching administrative oversight over charitable foundations and associations. Historically, philanthropic organizations are known as private organizations; even where State funding has been very important. The notion of a 'philanthropic' organization is only relevant for tax laws under what is known as ANBI status.
3. For non-Dutch residents, the use of a Private Foundation in the Netherlands offers excellent opportunities to combine philanthropy and private (trust) purposes, since a Private Foundation does not have to comply with ANBI requirements.
4. Approximately 1 out of 4 foundations in the Netherlands is a charitable foundation qualifying as an ANBI for tax purposes (about 50,000). Foundations are also used for social purposes, voting trust purposes, and private purposes.
5. A foundation or association that lacks the status of an ANBI does not pay income tax on investment income, gifts or bequests.
6. Many international NGOs, particularly those with complex governance structures, have their 'supranational' body governed by Dutch law due to its flexible legal framework.
7. In 2008 the Netherlands became the first country in the world to open up its borders to fully deductible cross border gifts to foreign organizations.
8. The growth in charitable giving has slowed during the last five years. This reflects declining donor trust in fundraising charities a trend among philanthropists to redirect their giving to social enterprises that have an increased focus on impact measurement.
9. There are no specific legal vehicles identified for social enterprises or impact investments. The tendency is that the existing charitable foundation framework is expanded to accommodate 'commercial' activities as well. Tax exemption can only be obtained through a substantive use of volunteers.
10. The market for Major Donors is relatively under-developed in the Netherlands, although tax incentives such as 'living legacies', where a major donor maintains income from his gifted assets, already exist.

Sources

¹ Lester M. Salamon, S. Wojciech Sokolowski and Regina List, *Global Civil Society: An Overview, 2003*.