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Importance of Philanthropy

Today, I would like to speak about the importance of corporate philanthropy in building an equitable society and the relevance of acknowledging people who reached out to the less fortunate and exercised leadership in the social causes.

Building an equitable society

Today, 10.7 Million children do not live to see their fifth birthday, and more than 2.5 billion people-40% of the global population are forced to survive with less than \$2 a day. According to James D. Wolfenson, former World Bank chief, "poor people don't want charity. They want a chance, they want an opportunity, they want recognition, they want voice, they want peace and they want to fix the future themselves, and if they do, all of us will live a better life". Poverty has multiple dimensions, and measuring poverty by way of income is just one of them. According to a study by World Bank, for poor people, income was last thing to be mentioned on poverty; what mattered to them was the ability to contribute to the future, the opportunity for their children. They wanted to participate in the progress that was happening around them.

Government can provide the primary requirements like education and healthcare, it can create infrastructure and support mechanisms like public governance. Government can improve the availability and affordability of the public services, but in many countries such governments and its institutions may be less equipped or just incapable of dealing with social problems. There are institutions such as the World Bank who along with several international organizations could help in amelioration the conditions of the less fortunate. However, these organizations are often limited in their ability to come up with innovative solutions.

Private organizations and individuals play an important role in transforming the socio-economic system. Let me give you two recent examples. It is a fortunate coincidence that Dr. Muhammad Yunus and the Grameen Bank have been chosen for the Nobel Peace Prize 2006 for their efforts to create economic and social development for the economically less equipped people. As the Nobel committee rightly noted, "Lasting peace cannot be achieved unless large population groups find ways in which to break out of poverty".

Another example where a collective effort was demonstrated is the relief efforts following the tsunami in the year 2004 that left some 300,000 people dead and millions homeless. It was simply not possible for the government machinery to alleviate the sufferings of the homeless and the kin of the dead; it required collective effort and contributions from thousands of people, private sector and the institutions, who not only provided the money and the materials required, but also provided support in terms of basic thing like post calamity trauma counseling, providing them with alternate livelihood options etc.

Indian context

India, which has been a success story in the face of globalization, performs poorly when it comes to human development indicators. According to the UNDP Human Development Report, 1 in every 11 Indian children dies in the first five years of life and the death rate for children aged 1-5 is 50% higher for girls than for boys. In terms of life expectancy, the report says, "somebody born in Indian co expect

to live 14 fewer years than somebody born in the United States".

Our Prime Minister Dr. Manmohan Singh had once remarked, "The slow improvement in the health status of our people has been a matter of great concern. We have paid inadequate attention to public health." This underscores the fact that the government requires a strong support from the private sector, the philanthropic institutions and individuals to ensure better human development, not just restricted to the area of health.

In India, we have always looked forward for social support from the government. We feel that it is the responsibility of the government alone. This led to insufficient partnership between philanthropic organizations, government and the private sector. However, with the contribution of the state owned enterprises less than 22% of the total industrial output of the nation, private sector has a major role to play in extending support to the social causes.

Role of the Indian private sector should not be just restricted in addressing events of despair; they should bring about a full development process of planned change, aimed at lasting improvements in the quality of lives of people at large. Participation by private sector would infuse professionalism in the philanthropic efforts expended and in measuring the impact of the efforts.

Key challenge faced by several philanthropic organizations and foundations, worldwide, is the difficulty in measuring their output or quantifying the impact they create. As Harvard professors Michael Porter and Mark Kramer say: "Concerted effort, through secular charitable foundations has to go well beyond the gifts of private donors. They should achieve a social impact disproportionate to their spending".

Role of private sector in philanthropy management

Globally, business groups which have created philanthropic organizations have brought in the essential governance mechanisms, stronger financial management systems and performance management systems.

Accountability and transparency also encourage more people to contribute. Confidence in the governance of a philanthropic foundation benefits both the supply side (donor side) and the demand side (recipient) of the foundation. For example, Bill and Melinda Gates foundation measures the impact created by its important programs, provides management discussion and analysis and governance structure in its annual report. Commitment of over \$30 billion by the legendary investor Warren Buffet to this foundation is the consequence of the confidence vested in this foundation on account of its transparency.

Acknowledging individuals

World over, great social changes have been brought forth by individuals, who, with absolute pragmatism, improved the quality of life and the human development of a large number of people in a concerted and consistent manner. It is our obligation to identify such men and women, who did not blame anyone for social problems facing the less fortunate, did not turn a blind-eye to them, but overcame the challenges single-handedly with creative solutions.

We should know what they are doing, why they are doing it, and how to collaborate with them to make it happen. We should know the values of these selfless individuals, and the important role they are playing in improving people's lives. We should understand the meaning of sacrifice in the true sense of the word. We should understand the impact they have brought in.

Conclusion

I am sure that the awardees would continue to intensely focus on the collective good of the world. Their deeds will continue to inspire all of us and the awards would stand testimony to the values propagated by people like Jamnalalji and Jankideviji, who as true Gandhians, transcended the attractions of their

wealthy lives and submitted themselves to the cause of this country.

For benefits of globalization and technology to reach the poor, private sector, philanthropic institutions and committed individuals should cooperate and establish partnership with the government institutions. This would lift millions of our people out of poverty, provide them with opportunities and make them participate in the process and progress of globalization.

I conclude by quoting Mother Teresa, "What we are doing is just a drop in the ocean. But if that drop was not in the ocean, I think the ocean would be less because of that missing drop"

