



Timothy Ogden

Living with the Gates Foundation

## How much difference is it making?

Timothy Ogden

01 September 2011

Alliance magazine

**Every autumn, an American university publishes a list of once popular items and phrases that fell out of standard use before the new class of students were born. For instance, a few years ago the list noted that incoming students probably hadn't ever used cassette players. The intent is to remind professors and administrators that young people do not necessarily share many of our perceived cultural touchstones. Today, a discussion of philanthropic foundations' role in society always begins with the Rockefeller Foundation, the Carnegie Corporation and the Ford Foundation. But this shared cultural touchstone is being eclipsed by the Bill and Melinda Gates Foundation.**

When Rockefeller, Carnegie and Ford began their foundations, they were largely treading new ground, making and remaking conventions as they went. The Bill and Melinda Gates Foundation so far outstrips the resources, scope and spending of every other foundation on earth today that it is treading new ground and defining that ground in much the same as Rockefeller and his philanthropic peers. The Gates Foundation is rapidly becoming the new exemplar of what a foundation is. Some point out that the Rockefeller Foundation's spending was much greater relative to government spending than that of Gates today. While true, it is largely irrelevant: like cassette players for college students, that context is just an abstraction for philanthropists and policymakers today.



Credit Toby Alter

It is not just in size and scope that the Gates Foundation is treading new ground. The publicly vocal role that Bill and Melinda Gates play as influencers and advocates is also unique. No other foundation leader today can demand the attention and access that Bill Gates can. Perhaps no other foundation leader has ever used that attention and access so willingly and purposefully to advance their philanthropic agenda.

### The Giving Pledge

One aspect of that influence in the philanthropic community is important while unconnected to the foundation itself. The Bill Gates (and Warren Buffett) sponsored Giving Pledge – an effort to get billionaires the world over to commit to giving away the majority of their fortune – has probably received more attention in the popular press than any direct effort of the foundation itself. Thus far the pair have got more than 60 billionaires to sign up, almost all American. It's unclear how many of these signers have changed their giving plans as a result of the pledge versus publicly acknowledging what they had planned all along.

Regardless of whether the Giving Pledge has created new giving in the short term, it's likely that it has changed societal expectations about giving from the wealthy. From now on every billionaire in the United States will have to answer the question of whether they have signed the Giving Pledge.

Given the unique position the Gates Foundation and Bill Gates himself occupy, it's easy to assume that it is highly influential in all that it does. But is it? Exactly how does the foundation affect the areas that it gives to – and the areas that it doesn't? Can even a foundation as large as Gates change government policy or influence enough giving to really change things? Can even Bill Gates change the way the wealthy give and engage in philanthropy?

### Gates in perspective

Within the relatively small world of philanthropy, it's easy to overestimate the importance or influence of any actor on the broader global stage. Consider that a

recent survey of Americans who had served in a leadership position in a community organization found that more than half could not name a single foundation without prompting. Just 11 per cent could cite an example of a foundation having an impact on an issue they cared about. Clearly foundations, even the Gates Foundation, do not play a large role in the lives of most people on what might be called foundations' 'home ground'.

As I was writing this piece a particularly apropos illustration occurred. The Gates Foundation announced a new partnership with FC Barcelona to promote polio eradication during the team's visit to the US in July. One of the most recognizable football journalists in the US arranged a one-on-one interview with Bill Gates to discuss the programme – but that interview came to an abrupt halt when the US national squad announced the firing of its manager. Gates' hold on the public consciousness will always be tenuous.

At the 2011 Council on Foundations Annual Conference, Todd Moss, a fellow at the Center for Global Development, presented a way of putting the Gates Foundation's global activities in context using three numbers: 3, 30 and 300.[1]

- \$3 billion is the Gates Foundation's annual expenditure. If it were a country, it would be in the middle of the pack among official aid donors; its annual budget is roughly the same as Australia's and Italy's.
- \$30 billion is the US government's aid budget in 2010. That a single institution represents an annual expenditure equal to 10 per cent of that of the American government is sobering, but it's helpful to remember that it is just 10 per cent.
- \$300 billion is the current foreign currency reserves of India where more than 800 million people live on under \$2 a day. In fact, Moss notes, three-quarters of the world's poor live in middle-income countries like India whose future economic prospects are generally agreed to be brighter than those of countries where philanthropy typically originates.

Moss's rubric illustrates the Gates Foundation's simultaneous position of power and powerlessness. It is an organization accountable to just four people (the foundation's board is made up of Bill and Melinda Gates, Bill's father, William Gates Sr, and Warren Buffett) with the aid spending power of a typical developed nation. At the same time, its resources pale in comparison to those of the countries in which it spends its funds.

In conversation, I often use another comparison to help gain perspective. I ask people if they think they could 'fix' New York City schools if I gave them \$1 billion (about twice Gates' *annual* spending on US education across the country) and three years. Most think they would have a reasonable chance of success. Then I note that the annual budget of the New York City school system is more than \$20 billion. Suddenly no one thinks \$1 billion is enough to make much of a difference.

### **How influential is the Gates Foundation?**

So how influential is the Gates Foundation today? What impact is it having not just on philanthropy but on society? Are there dangers and downsides to such a large actor in proportion to other philanthropic institutions? If so, how serious are they? Can they be mitigated and, if so, how?

Those are the questions we set out to explore in this issue of *Alliance*. We've asked a wide variety of people from around the world to comment on the influence of the Gates Foundation on them, in their country, and in their domain. We've asked them to ponder how this institution that is making new rules and new norms will affect society and policy. We've asked them what the foundation is doing well and what it could be doing better.

While there were many different opinions expressed, there were some common threads.

### **Speaking truth to power**

The first is that it is increasingly difficult for anyone to speak truth to power at the Gates Foundation. We were surprised at the number of people who responded to our requests for submissions with some version of 'I'd love to talk about that, but I don't think it's a good idea for me to comment publicly'. None of these people ever suggested that the Gates Foundation was making any attempt to censor them, but the fact that Gates either funds, funded in the past, or might fund their organization in the future led almost half of the people we approached to recuse themselves. This was not limited to just charities: even personnel at other foundations were keenly aware of the possibility of co-funding with Gates and wary of doing anything that might jeopardize that opportunity.

The foundation's spending power also has an inexorable impact on any field in which it chooses to invest in a number of ways. First, it attracts researchers to its interests (and away from competing interests) by making funds relatively easily available. Second, the foundation's spending on advocacy and media affect even what is



**Credit Bill & Melinda Gates Foundation / Martin Ryttschi**

discussed in its areas of interest.

### **Lack of accountability**

There was also a widely expressed view that the foundation still has a long way to go in terms of openness and accountability. Virtually everyone we spoke to noted that the foundation isn't accountable to any public institution in a meaningful way. Furthermore, a common refrain was that it is still very difficult to understand how the foundation makes its strategic choices – though, as will become apparent, this varies in different programme areas. While a great deal more information is being shared these days than in the foundation's early years, the most important information is still obscure in many areas.

These critiques are more substantive than perhaps the most common critique of the foundation: that it doesn't fund 'x'. Given the vast resources at its disposal, this swipe at the foundation's approach seems even more common than it is for other foundations. But no matter its size, the foundation simply cannot fund everything, and complaining about what it doesn't fund is therefore meaningless.

### **A foundation with a focus**

In fact the root of that unhelpful critique is to be found in the fact that the foundation actually followed the general advice given everywhere to new philanthropists and foundations: find a focus. No one can dispute that the Gates Foundation has shown extraordinary focus for such a young and large institution. But it also has seen shifting strategies. Several commenters noted the foundation's move towards and then away from advocating 'small schools'. Others note how quickly specific initiatives like the global health Grand Challenges changed.

Flexibility, adaptability and learning are all praiseworthy attributes in philanthropy. What remains to be seen is whether such changes are the result of learning from results or simply a result of personnel turnover or changing opinions.

That will be the ultimate test of the influence of the foundation where it matters most: in improving the state of the world. If the foundation can remain open to critique as it uses its vast resources, and make efforts to learn and adapt based on results and impact, then it will undoubtedly be widely influential. If it allows the inevitable problems of power dynamics to escape from its grasp, we will probably look back and think of its influence on the wider world as simply a drop in the bucket.

**Timothy Ogden** is co-founder and editor-in-chief of Philanthropy Action. Email [timothy.ogden@philanthropyaction.com](mailto:timothy.ogden@philanthropyaction.com)

1 <http://blogs.cqdev.org/globaldevelopment/2011/04/the-3-billion-30-billio...>

### **A selection of Bill Gates' 2011 speaking engagements**

- World Economic Forum, Davos, 28 January 2011
- US Global Leadership Coalition, 2 February 2011
- Harvard University, 18 February 2011
- TED2011, 2 March 2011
- European Parliament, 5 April 2011
- 64th World Health Assembly, 17 May 2011
- 2011 Annual Rotary Convention, 24 May 2011
- Chicago Council on Global Affairs, 24 May 2011
- Peking University, 11 June 2011
- National Urban League, 27 July 2011

### **Comparison of Gates' expenditure with Official Development Assistance in selected countries, 2010 (US\$ millions)**

Country	ODA disbursements
Australia	3,849
Hungary	113
Ireland	895
Italy	3,111
Korea	1,168
Spain	5,917
Switzerland	2,295
USA	30,154
Gates	3,000

### **Source**

OECD

### **More stories...**

- [Interview - Jeff Raikes](#)
- [Inspiring, offputting or irrelevant? How do other donors see the Gates Foundation?](#)
- [From credit to savings](#)
- [Private actors in the public arena](#)
- [Interview - Amanda Glassman](#)