As a native of Louisiana and as Chairman of the Board of Directors of the Louisiana Disaster Recovery Foundation, I want to thank the members of the New York Regional Association of Grantmakers (NYRAG) for your efforts to keep the continuing impact of Hurricanes Katrina and Rita on the radar screen of your foundations. Much has been written about how the events of the summer of 2005 stunned and shamed the nation, how Americans responded with the same generosity de Tocqueville once described as habits of the heart, and, of course, how Katrina exposed the many fault lines in the way we conduct the public business of our democracy. We are still stunned as we continue to learn more each day about how this was an avoidable catastrophe, more the fault of man than of nature. We are still shamed by the images beamed around the world of poverty and powerlessness in a nation founded on the principle of establishing justice and forming a more perfect union.

Your work, therefore, is more than simply a humanitarian venture. It is part of the larger struggle for the soul of our democracy. I have spent enough time living and traveling overseas to conclude that the best way to demonstrate the efficacy of our democracy to critics abroad is to demonstrate that it can work equitably for all of our citizens at home.

Many of you are very familiar with present conditions in South Louisiana, but it is important that whenever we meet to reflect on the summer of 2005 we remind ourselves of the unprecedented damages:

- Approximately 1600 lives lost
- Hundreds of billions of dollars worth of property damaged or destroyed
- Nearly 100 square miles of land devastated
- Countless dreams deferred or denied

You probably know a lot about the displaced residents living across the United States and even abroad, but you may not have seen the survey conducted for the Louisiana Recovery Authority that found a little more than half now saying that they have high hopes of returning. More than two-thirds believe that the qualities that made their communities special can be reestablished. Nearly eighty percent believe that if people participate in the planning process and the plan is executed fairly and well, South Louisiana will be a good place to live and work again.

It is, thus, appropriate that you have convened this important gathering today to examine strategies for hope and change. I want to begin the conversation that will follow by asking three questions: 1) What have those of us in philanthropy learned; 2) How can we use our resources most effectively in meeting the challenges that remain; and 3) What are the implications for the future?

**What Have We Learned**

We have learned first that there are three distinct stages in the response to disasters – relief, recovery and reform - and that organized philanthropy should consider carefully and strategically how best to respond to each.

- The first stage is the time when the disaster is most dramatic, the public attention most pervasive and the public response most immediate. Survival is
at stake and there is an outpouring of public support to provide relief from suffering and also to maintain order. In the case of Katrina and Rita, the public contributed billions of dollars at this stage.

- The next stage in the disaster continuum is recovery, taking stock of what has happened, working together to return both private and public life to normalcy and reinforcing the need for prevention and mitigation of future disasters. The focus of the first stage is almost exclusively on people, on lives to be saved. The second stage leads to a concern with policy, why the disaster occurred in the first place and what policies are needed to ensure that it does not happen again or, if it does, that there is a well-coordinated plan and sufficient resources to deal with it. Jay Forrester, the inventor of systems dynamics, says “Almost every natural or social disaster arises out of a set of policies that created, or at least contributed to the disaster.”

- The third stage, reform, shifts the philanthropic paradigm not just to risk reduction, but to using the crisis as an opportunity to improve the conditions of those who always bear the brunt of disasters – the poor. Support is needed to sustain the public’s attention to what needs to be done in the longer term, to ensure that the best ideas and the best experts are available to those responsible for recovery and reform and to ensure that those not normally included in public policy deliberation can have a voice. Herbert Hoover expressed the difficulty of this third stage following the 1927 floods in Mississippi. He said: “We have before us perhaps the most difficult and discouraging of all periods. No longer is there the excitement of catastrophe, the stimulation of heroism and fine sacrifice.”

Our experience with Katrina is that private donors provide billions of dollars for relief and the government provides billions for recovery but neither sector provides very much for reform. That is why the Board of Directors of the Louisiana Discovery Recovery Foundation decided on a grantmaking strategy that includes not just relief and recovery, but support for community organizations that seek to ensure: 1) that disparate community voices are heard; 2) that new jobs and opportunities will be shared fairly; 3) that new housing will serve all income levels and sustain the integrity of all communities; 4) that the costs of development is shared fairly; and 5) that the need for leadership renewal, community healing and reconciliation are also addressed.

The second lesson coming out of philanthropy’s response to Katrina is the reminder that many in the public and even in our own field make no distinction between philanthropy and charity. There has been considerable public focus on how much money has been raised, how and why it has exceeded both 9/11 and the Asian Tsunami. Yet, the public rarely makes any distinction between philanthropy and charity. To emphasize the difference, I like to use the paradigm of compassion reflected in the parable of the Good Samaritan. We are told that a traveler finds someone badly beaten along the side of the road and stops to help. Suppose that same man traveled the same road every day for a week and on each day he found someone badly beaten at the same spot on the road. Compassion requires that he give aid, but eventually compassion requires that he ask,
“Who has responsibility for policing the road.” One is charity, ameliorating consequences. The other is strategic philanthropy, eliminating causes.

The third lesson coming out of the response to Katrina is the importance of collaboration among national donors and with local groups who have the advantage of proximity, local knowledge, local experience and local trust. It was to provide the latter advantages that Governor Blanco set up the Louisiana Disaster Recovery Foundation. It operates statewide and is made up of an independent board of directors who have long been involved on the ground in assessing community needs and promoting community change. While some critics have maligned the Governor, she is rarely given credit for recognizing the value of an independent foundation, especially how it differs organically and functionally from state agencies and social service providers.

On the national and regional level, this is also a good time for building a culture of collaboration in grantmaking as well as in learning. The many existing vehicles for partnership created over the last several decades tend to be more deliberative than functional, but while what we can learn is magnified by our efforts to learn together, what we can do is also multiplied by the impact of our working together. Through effective collaboration, we can develop a new competence and build a larger capacity.

A disaster is also a critical time for collaboration with those that philanthropy seeks to benefit. If strategies for recovery and reform are to be effective, the poor must be included in both planning and implementation. The emphasis must be on the engagement of grass-roots energies and enthusiasms through private, independent sector groups. Experience around the world seems to demonstrate that when we empower the poor to be active participants in their own development, we have not only new ideas and wider ownership of basic strategies, but increased effectiveness as well. The old question what should we do for them, or about them, must change to what can we do with them, how can we work together.

Where Can Philanthropy Be Most Effective

Let me now shift gears and say a word about where I believe philanthropy can be most effective in responding to the recovery and reform phase of the Katrina disaster. Many foundations will continue funding organizations that are already the beneficiaries of their grantmaking. Others will fund projects that have only recently come onto their radar screen and some will help develop new initiatives. This is all very good. The needs are great and for many people, including their institutions, survival is at stake. I am persuaded, however, that the disaster has created opportunities for use of each of the five forms of capital associated with private foundations.

Conventional Capital

The first is conventional capital. The experience of LDRF provides a picture in microcosm of the way people from around the world responded to the disaster. More than 5,000 donors have contributed to the Louisiana Disaster Recovery Foundation. A gentleman from Japan actually sent $1,000 in U.S. currency through regular mail – and all $1,000 made it. We have had gifts as little as $5.00 and as large as one million. And
that is why we decided at the outset that every cent raised for the people of Louisiana would go directly to benefit the people of Louisiana and we would appeal to the foundation community to provide the administrative support needed to ensure that we use the contributions we have received strategically and with maximum impact.

I have been in philanthropy long enough to know how many of my colleagues feel about operating support, but I am also familiar with the view from the other side. I learned a long time ago that it often takes professionals to ensure that both financial and human capital are used effectively. The present cover story in Foundation News tells the story of the quality of the staff we have been able to attract, what we are doing to acquire technology and communication resources to help tell the story of what our grantees and partners are doing in influencing policy, educating the public about issues and empowering the formerly excluded. We hosted a briefing on the new foundation and a tour of New Orleans in early January of this year and we were pleased with how many of your CEOs attended. We will be inviting foundations back for a commemorative tour and briefing in September and we hope you will visit not just New Orleans, but the many rural areas impacted as well. I was in Houma two weeks ago and I saw again the devastation, but I was also exhilarated by the briefings we received on the collaborative response of local nonprofit organizations.

It is important that we also remember the needs of the many communities in Louisiana and elsewhere who are now home to many evacuees and find their own nonprofit infrastructure under serious stress. That is why our largest grant has gone to the Louisiana Family Recovery Corps to identify the needs of the displaced and to connect them with service providers, some of whom who have come to Louisiana with large fanfare but have not touched base with local groups. We have also identified the six community foundations in the state as partners and made grants to those with the capacity and commitment to ensure equity and inclusion.

**Social Capital**

Much emphasis has been placed on using conventional capital to rebuild the physical and economic infrastructure of the Gulf region, but private foundations should be thinking about how best to use their social capital to help rebuild and strengthen the nonprofit infrastructure that has been historically weak and is now under serious stress. In 2003, the Internal Revenue Service reported that there were 3,200 nonprofits in Louisiana with $13 billion dollars of assets, but many of their leaders have been displaced, their facilities destroyed and many of their financial supporters have disappeared. Moreover, most of these were service providers leaving a large void of advocacy and community groups. The governmental sector and high profile professional politicians have long dominated the public life of the state. One of the legacies of this disaster should be a reinvigorated and strengthened nonprofit sector.

**Intellectual Capital**

The third form of foundation capital available to apply to disasters is intellectual capital. Private foundations can apply and generate information, ideas and practices that can help shape community discourse and help strengthen community development. Many of the
nonprofits we fund are engaged passionately in public life, but like Thoreau at Walden Pond, many build castles in the sky and then set out to put foundations under them (No pun intended). Private philanthropy can help them to ground their passion into persuasive evidence by providing not just money but knowledge and networks.

This is especially true in the engagement with public policy. I know that many in philanthropy are advised that it is unwise, illegal or too risky to get involved in support of advocacy groups that seek to inform or enrich the public policy process, but I served on the Treasury Department’s Task Force that struggled with how to define lobbying and I can tell you that there is much that foundations can do to objectively inform and influence policy. Moreover, the effects of their engagement in public policy are engraved widely and deeply in legislation, in court decisions, in public attitudes, and in social changes across a wide front.

Reputational Capital
The most overlooked role of what foundations do may be the provision of what Robert Putnam has called reputational capital. Like conventional capital for conventional borrowers, you can use your social capital as a kind of collateral for those whose formal credentials and written proposals understate their potential and reliability. A grant is in many ways a good housekeeping seal of approval that says to others in the community that we have done due diligence and find this organization credible, accountable and effective. This is especially helpful to groups that are often marginalized because of the past of those who lead them and the pathologies of those served by them. Their leaders may be most effective in working with the formerly excluded precisely because they were once victims of the same predicament; and because they greatly value their support from more established community groups they acquire an additional incentive to perform responsibly.

Moral Capital
The final challenge of philanthropy’s response to a disaster has to do with how it uses its moral capital. My good friend Paul Ylvisaker, who was for a time the moral voice of our field, liked to say that we should never allow ourselves to lose our sense of outrage. There has to be in all of us “a moral thermostat that flips when we are confronted by suffering, injustice, inequity, or callous behavior.” The American public was outraged by what New Orleans revealed. Yet, for many fatigue has set in and they now sit idly by with only a dim memory of the outrage they once felt.

We need to step back and ask what assumptions, what social analysis lies behind our grantmaking, what theory of change informs our investments and priorities, how often is equity a consideration in what we conclude is successful, and finally do we have an organized and disciplined way of learning what truly works in advancing equity and closing social gaps. When we provide answers to these questions, we may find that organized philanthropy itself may need to change.

I would be remiss in my task this morning if I concluded without emphasizing the need in the aftermath of a disaster for opportunities for renewal, healing and reconciliation. It is
important that both local leaders and private donors remember that renewal is not a luxury that serves a selfish interest. It provides an opportunity to serve others better, not less.

Steven Covey tells the story of a man walking in the woods who comes across a logger cutting down trees. He greets him by asking how he’s doing and the logger replies, “Not so well. I was able to cut down many trees this morning, but it is taking longer this afternoon.” The passerby responds, “Maybe you should stop and sharpen the saw,” but the logger becomes exasperated and says, “I can not do that. I have too many trees still to cut.” Many of our local leaders have been working around the clock and need to stop and sharpen the saw. And that is why the Louisiana Disaster Recovery Foundation is establishing a special fund for renewal. We hope also to generate support to deal with the need of the larger population for healing and reconciliation. That is not easy money to raise, but it is clearly one of the most critical areas in which philanthropy can strategically intervene in promoting the long-term health and vitality of the nonprofit infrastructure in the Gulf region.

Let me conclude, then, by suggesting that the potential of philanthropy in responding to a disaster goes much deeper than the resources it provides. Vaclav Havel once said, “I am not an optimist because I do not believe that everything ends well. Nor am I a pessimist because I do not believe that everything ends badly. But I could not accomplish anything if I did not have hope within me. For the gift of hope is as a big a gift as life itself.” When you tell the story of the needs of South Louisiana to your boards and your colleagues, please remind them that foundations not only provide help but they also provide hope, and the gift of hope may be as big a gift as life itself.

(Ambassador James A. Joseph is Professor of the Practice of Public Policy Studies at Duke University and founder of the United States –Southern Africa Center for Leadership and Public Values at Duke and the University of Cape Town. He served as President of the Council of Foundations for fourteen years becoming the United States Ambassador to South Africa)