



The Synergos Institute
The Process and Techniques of
Foundation-Building, Experiences
from Eight Organizations
in Africa, Asia and Latin America

Program Priorities and Operations

Darcy Ashman, Elizabeth Zwick and L. David Brown

1997

The preparation of this series of case studies was made possible by support from the Ford Foundation, the Aspen Institute, the C.S. Mott Foundation and the Compton Foundation.

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Voluntary Sector Financing Program

Case Studies:

- The Foundation for the Philippine Environment
- The Esquel Ecuador Foundation (Fundación Esquel-Ecuador)
- Child Relief and You - CRY (India)
- Foundation for Higher Education (Colombia) (Fundación para la Educación Superior - FES)
- Philippine Business for Social Progress
- The Puerto Rico Community Foundation
- The Mexican Foundation for Rural Development
- The Kagiso Trust (South Africa)

Cross-Case Analyses:

- Formation and Governance
- Organizational Financing and Resource Generation
- Program Priorities and Operations

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Preface

Background

In Africa, Asia and Latin America, citizen participation through a range of civil society organizations has become a growing and vital force. Civil society organizations have brought significant material and human resources from the community level to bear on poverty problems through donations of time, energy, materials and money.

Locally managed and controlled organizations that provide direct financial support to other organizations within their societies have been established over the last decade in many southern countries. A few were established twenty or thirty years ago. These organizations are injecting critical financial as well as technical resources into local civil society and mobilizing resources from a wide variety of sources both domestic and international for this purpose.

Few of them were created with a single large endowment, as was the case with most northern private foundations. Most of them rely on a wide range of strategies to mobilize financial resources including earned income contributions from individuals and corporations and grants from international organizations. Some managed donor-designated or donor-advised funds following the U.S. community foundation experience.

General consensus over terminology has not yet been reached; these new types of organizations are usually referred to as "foundations" or "foundation-like organizations." Though many of these organizations have adopted legal identities as foundations or trusts, others are registered as nongovernmental organizations. In general, they differ in many ways from their northern counterparts. For example, they are more likely to mix program operation with grantmaking. Many of them act as convenors of civil society

groups, as bridging institutions to other sectors of society or as technical assistance and training providers.

To distinguish this type of southern foundation-like organization from northern foundations we can use a term such as "community development foundation" or "southern foundation" or use a new term. One new term which has been proposed is "civil society resource organization" or CSRO. This term refers to organizations which combine financial assistance to community-based organizations and NGOs with other forms of support for organizations or the civil society sector as a whole. In this series of papers we will use the terms "foundation" and "civil society resource organization" interchangeably.

This expanding universe of foundations/civil society resource organizations around the world has not been systematically studied. As one of the first steps towards developing an understanding of this sector, Synergos responded to a request from a group of southern foundations. In April 1993, a group of foundations from a dozen southern countries met with northern foundations and official foreign aid agencies to discuss the emerging role of foundations in strengthening civil society in Africa, Asia and Latin America. A major outcome of the discussion was a decision to learn more about how these organizations are created, how they develop and evolve, and how they sustain themselves as philanthropic entities. The group decided on case studies and analysis as the most fruitful approach. The Synergos Institute, which works with local partners to establish and strengthen foundations and other financing organizations, accepted the task of producing case studies on these organizations. These papers are one of the products resulting from this effort.

Methodology

A Global Advisory Committee of southern foundations guided the two-year effort by Synergos. The advisors selected eight geographically diverse cases from over sixty organizations identified through an initial survey. Local researchers were retained in each country and the Synergos research team worked with them and the Advisory Committee to develop a common protocol.

The protocol hypothesized four areas as key to the operational effectiveness and sustainability of southern foundations: origins and genesis of the institution; institutional governance; program evolution and management; and financing. The case researchers studied these issues via multiple data collection methods and sources. The primary method was to conduct direct structured interviews with individuals involved with each case organization, including board members or trustees, the managing director, staff members, grant recipients, and other relevant organizations. In addition to interviews, researchers gathered mission and vision statements, annual reports, operating strategies and plans, internal and external evaluations, financial plans and administrative procedure manuals. Data collected by the different methods were systematically organized into distinct databases which were the basis for each written case study. The case studies were coordinated by the Synergos research team, which then provided the funding to a cross-case analysis team for the preparation of three analytical papers. The two teams prepared condensed versions of the case studies for publication.

Use of the Studies

The eight case studies bring to light key factors that have led these organizations to be successful, and the studies document the crucial

processes they have gone through to respond effectively to the needs of their national civil societies. Across the very different conditions that brought about their formation, the cases reveal that foundations/CSROs can play a central and strategic role in strengthening civil society. Their comparative advantage as resource mobilizers enables them to have a large effect both in stimulating new financing and connecting financial resources to the community-level where they can have the greatest impact. In particular, they have excelled at:

- providing seed resources for the growth of civil society organizations in their countries;
- leveraging diverse sources of financing for the projects and programs of civil society organizations;
- assisting northern foreign aid to be channeled to civil society in more sustainable and effective ways; and
- acting as an interface for public policy dialogue between civil society and the government and business sectors.

The case studies and the related analytical papers are a useful tool for those who wish to build foundations/CSROs around the world. Synergos hopes they will be widely used as a catalyst for the development and strengthening of this important group of institutions that provide financing to the voluntary sector.

Acknowledgements

The case study project has involved the talent and contributions of many individuals and organizations over the last two years. We would like to acknowledge their efforts and emphasize that the project would not have been possible to complete without their contributions:

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- The Global Advisory Committee: Graça Machel, Foundation for Community Development, Mozambique; Cornelio Marchán, Esquel Ecuador Foundation; Ethel Rios de Betancourt, Puerto Rico Community Foundation; Kamla Chowdhry, Center for Science and Environment, India; Aurora Tolentino, Philippine Business for Social Progress; Paula Antezana, Arias Foundation, Costa Rica; Maria Holzer, Polish Children and Youth Foundation; Eric Molobi, The Kagiso Trust, South Africa.
 - The case writers: Teresita C. del Rosario, Alejandra Adoum with Angela Venza, Anthony D'Souza, Alfredo Ocampo Zamorano with Margee Ensign and W. Bertrand, Victor E. Tan and Maurino P. Bolante, Maria del C. Arteta and William Lockwood-Benet, Victor M. Ramos Cortes and Lauren Blythe Schütte.
 - The case studies research team: Betsy Biemann, S. Bruce Schearer, John Tomlinson, David Winder and Eliana Vera at The Synergos Institute and Catherine Overholt at the Collaborative for Development Action.
 - The cross-case analysis team: Darcy Ashman, L. David Brown and Elizabeth Zwick at the Institute for Development Research.

Financial support for the project was provided by the Aspen Institute, the Compton Foundation, The Ford Foundation, The W.K. Kellogg Foundation and the Charles Stewart Mott Foundation.

In addition, a number of individuals made very important contributions to various aspects of the research: Kathleen McCarthy at the Center for Philanthropy, City University of New York, and James Austin at Harvard University provid-

ed valuable research advice; staff and board members of the case organizations gave time, interviews and key background materials; Yvette Santiago, Miriam Gerace Guarena, Amelia Moncayo and Armin Sethna assisted in the coordination and production of the study documents.

Introduction

Description of Research Program and Cases

Civil society and its institutions increasingly have been recognized as critical to sustainable economic, political, and social development. Diverse civil society institutions offer opportunities for many different stakeholders to pursue their values and concerns. Civil society institutions engaged in development issues can mobilize the energies of and ensure accountability to grassroots groups that might otherwise be ignored. The diversity, engagement, and effectiveness of the institutions of civil society depend on many factors, including the availability of various kinds of political, informational and financial resources. Without such support, many of the local associations and networks that make up civil society may remain at a level of functioning and influence that severely limits their capacity to contribute to societal development.

Civil society support organizations provide a variety of services and support to civil societies. Some provide information and training, others provide research or technical assistance, some provide policy analysis and advocacy support, still others provide financial support and material resources (see Brown and Korten, 1991; Carroll, 1992). Such organizations face very complex environments, and they are often subject to conflicting demands from very diverse constituencies. Research and technical organizations, for example, must deal with the needs of civil society organizations but they are also subject to standards and expectations of the research communities from which they draw their credibility. These support organizations must deal with multiple “customers,” whose expectations and demands may be inconsistent or even contradictory (see Brown & Brown, 1983; Kanter and Summers, 1987; Brown 1991).

The civil society resource organizations (CSROs) that are the focus of this analysis are particularly concerned with two sets of customers: resource providers whose financial contributions enable grantmaking and grant recipients who carry out the social and economic development activities the organizations seek to promote (Hall, 1989; Ylvisaker, 1987). Resource-providers and grant recipients typically have quite different perspectives and interests that CSROs must manage, and the consequences of that “dual nature” infuse many of the organization and management challenges faced by the organizations.

This paper is one of a series that examines the formation and functioning of eight CSROs in very diverse countries of Africa, Asia, and Latin America. Table 1 provides a brief overview of the eight cases in terms of the location and date of founding, their founders and initial missions, and their present programs and annual expenditures.

These eight cases were selected to be the subjects of in-depth studies organized and conducted by The Synergos Institute. The case studies were undertaken around a common set of questions by case writers who were accorded full cooperation by the current leaders of each CSRO. The resulting first drafts provided a very rich analysis, ranging from 40 to 90 pages of text. The Synergos Institute has commissioned comparative analyses across the cases to help separate out lessons that are unique to the specific context of the case from patterns that recur across cases in many different settings. These comparative analyses seek to identify emerging patterns across the cases without sacrificing the richness of the cases as independent stories. Readers interested in more detailed descriptions of specific situations are referred to the full case studies, available from The Synergos Institute.

Table 1: Civil Society Resource Organizations

Organization	Founders and Initial Mission	Present Program and Resources
Mexican Foundation for Rural Development (FMDR) Mexico, 1969	Local business leaders and Catholic clergy founded to channel funds toward social development. provided \$2.2 million in 1994.	Support rural economic development with credit and training to farmers. Member quotas and government funds.
Fundación para la Educación Superior (FES) Colombia, 1964	Local business leaders and academics founded to mobilize and channel funds for universities.	Support education, science, cultural activities, health, income generation and environment with grants and training. Banking operations and external foundation grants for \$23 million in 1994.
Philippine Business for Social Progress (PBSP) The Philippines, 1970	Philippine corporations founded to promote social development and enable socially responsible business action.	Grants, credit, training and marketing assistance to promote area resource management, local empowerment, and intersectoral partnerships. Corporate donations and external resources for 6.0 million in 1993.
Child Relief and You (CRY) India, 1979	An Indian professional founded to channel funds to meet the needs of underprivileged children.	Support deprived children in rural and urban areas through grants and awareness raising. Sales of cards. Sponsorships and donations produced \$600,000 in 1994.
Fundación Esquel-Ecuador (FEE) Ecuador, 1990	Leaders from civil society and government founded with support from US foundations to support local self-help initiatives by the poor.	Support local self-help initiatives of poor groups through grants, credit and technical assistance for training, health, income generation, and environmental protection. External foundations, donor agencies, and debt swap provided \$1.6 million in 1995.
Foundation for the Philippine Environment (FPE) The Philippines, 1992	Government and civil society leaders and USAID and US NGOs founded to provide channel for funding local environment projects.	Support biodiversity preservation and community action on environment with grants and capacity-building. USAID grant and debt swap produced \$2.6 million in 1995.
Puerto Rico Community Foundation (PRCF) Puerto Rico, 1985	Local civil society leaders and the Ford Foundation founded to promote community and economic development, health, education, and culture.	Support economic development, community development, art and culture, health, and education with grants. Local donors and US foundations and corporation provided \$3.6 million in 1994.
Kagiso Trust (KT) South Africa, 1985	Civil society leaders and European community donors founded to channel funds to community-based organizations and apartheid victims.	Support community-based organizations, microenterprises, education and training, water and sanitation, and urban reconstruction with grants and intermediation. European Community provides \$24.9 million in 1992.

The papers in this series focus on three themes: (1) CSRO formation and governance; (2) generation of financial resources; and (3) program priorities and operations. Each paper uses comparative analysis across the cases to identify major features of their operation, critical problems and challenges, and the kinds of strategies and tactics used to deal with these problems. The intent of the analysis is to develop insights into common challenges and problem-solving strategies that will be useful to other CSRO practitioners.

Conceptual Background: Program Priorities and Operations

The civil society resource organizations (CSROs) were created to promote social and economic development in their own societies of Asia, Africa, or Latin America. Their primary means of promoting development were their programs, through which they provided financial and other kinds of assistance to social development actors. This paper compares the programs of the eight CSROs in order to understand how they were developed and implemented.

The programs may be understood best in the context of the CSROs' identities as dual nature organizations, with commitments both to social and economic development impact and to financial resource generation. Their programs were strongly influenced by the needs of social development actors and their own beliefs about how to promote development. Yet, because they depended on having significant financial resources to fund their programs, they were also strongly influenced by the needs of financial resource generation and administration. The specific ways in which these dual commitments affected the design and operation of the programs are discussed throughout this paper.

The dual commitments of the CSROs created parallel challenges as they developed their programs and methods of generating financial resources. Like the paper on financial resource generation, this paper compares the CSROs' experiences with respect to four major challenges, oriented to program development:

1. choosing initial program priorities;
2. developing program capacity and legitimacy;
3. expanding and diversifying programs; and
4. influencing the program environment.

Findings: Major Programmatic Challenges for CSROs

Challenge 1: Choosing Initial Program Priorities

The founders' visions of social and economic development led them to design programs which would achieve specific kinds of social impacts, such as child relief (CRY), increased productivity and well-being (FMDR, PBSP), or environmental conservation (FPE). However, their visions and missions were conceived broadly, to communicate the organizations' identity and purpose to external constituencies and to provide general guidance for the organization (see the paper "Formation and Governance" in this series). Effective programs require more specific priorities and targets that can guide decisions regarding particular groups, activities, and areas to be served (Ylvisaker, 1987). Table 2 shows the initial program priorities of the CSROs in terms of their focus, participants, location and type of support given.

Program Focus: Sectoral and Professional Identity. The program focus of each CSRO is a direct outgrowth of its sectoral and professional identity. This pattern may be seen most easily by looking at Table 1, which describes the founders and initial mission of each case, and Table 2 together. The two business-based CSROs, FMDR and PBSP, focused on projects they thought would improve productivity and well-being, such as credit to rural farmers (FMDR) and housing and community development (PBSP). The civil society-based CSROs adopted more varied foci, but still took on projects that fit their founders' professional identities. FEE's development professionals supported self-initiated projects of grassroots actors. PRCF's civic leaders focused on university-industry research and broader social programs providing health care and education.

Participants: Program participants included individuals, groups, public and non profit or non governmental organizations (NGOs), or community-based organizations (CBOs). They tended to be either from poor and marginalized communities in their societies (FMDR, PBSP, CRY, FEE, FPE) or they were participants in a public school, university, or health care facility (FES, PRCF). In one case they were political activists (KT).

Geographic Scope: Four of the CSROs started out by providing assistance in limited areas within their countries, both urban (FES, CRY, PBSP) and rural (FMDR, PBSP). The other four all started out with national scopes (FEE, PRCF, FPE, KT). The four with national orientations all received significant international funding. The domestically-funded CSROs all chose specific locations within their own countries as initial sites of programs.

Type of Support: Five of the CSROs provided only financial assistance through their programs, while three offered other kinds of support, usually educational activities. FMDR provided training in credit management and rural promotion; FEE and PRCF sponsored research into development issues; FEE convened seminars to promote wider discussion of new ideas; and PRCF engaged in advocacy campaigns and networking to raise public awareness of the issues in which it was involved.

Development-Oriented Priorities: Six of the eight foundations established initial program priorities which were oriented to the development needs of their societies (FMDR, PBSP, CRY, FEE, FPE, KT). Whereas most foundations in the US provide financial assistance to nonprofit institutions for education, health, and cultural purposes (Ylvisaker, 1987), these six CSROs focused on enhancing the productivity and well-being of low-income individuals and groups. The two that were more similar to US foundations (FES,

Table 2: Initial Program Priorities of CSROs

Cases	Focus	Participants	Location	Types of Support
FMDR	microprojects for productivity and human development	small farmers, groups and coops, women and youth	rural centers	Grants & Credit; Training
FES	university programs: MBA, public health	university personnel and students	urban center	Grants
PBSP	productivity and human development: housing, community development	low income communities	rural and urban sites	Grants
CRY	child relief: school buildings and programs	underprivileged children	urban center	Grants
FEE	grassroots' initiated social development: income generation & environmental, cultural, rural, organizational development	poor and marginalized women, youth, indigenous peoples	national	Grants; Research and seminars
FPE	biodiversity conservation: technical assistance, organization and management development, research, advocacy, networking	NGOs and people's organizations	national	Grants
PRCF	economic, health, education, community, culture, crime and drug prevention	university, nonprofits, public schools, community groups	national	Grants; Task Forces, campaigns, networking
KT	anti-apartheid groups	human rights activists, women, youth, civic organizations	national	Grants

PRCF) were established by civic elites in close cooperation with US foundations. This important distinction in program priorities may be explained by the identity of the CSROs as organizations based in societies in Africa, Asia, and Latin America, where social and economic development of low-income people is a more widely shared public concern than in the US.

The choice of initial program priorities, not surprisingly, appeared closely linked to the nature of the founding network and its relations with initial donors. Domestic business-based CSROs focused on improving productivity in programs focused on geographically defined poor communities, largely through financial grants. CSROs with initial funding from foreign donors

focused on national programs defined in keeping with donor concerns, either foundation or government-defined, through financial grants and sometimes other support. But all the programs tended to be focused on marginalized communities and development concerns, as might be expected from the realities of their national contexts.

Challenge 2: Developing Program Capacity and Legitimacy

Developing and delivering programs to achieve established priorities requires organizational and human capacity. Once operational, new grant-making organizations must establish a track record of successfully funded projects in order to earn the respect of their peers and attract new sources of funding. This section explores the ways in which the eight CSROs developed their program capacity and legitimacy.

At the level of program operations, capacity may be understood to include at least four basic elements: leadership, structure, resources, and support systems (Sahley, 1995). Briefly, leaders provide the vision and direction linking the programs with the mission and strategies developed at the board and executive levels; they also provide the expertise in grantmaking and development to supervise program decisions and activities. Structures provide an organizational framework in which program staff are grouped together and given specific roles and responsibilities. Financial and human resources are necessary to carry out grant-making and other types of development support. Finally, administrative and personnel support systems create ordered environments in which organizational goals and policies are well-known to staff and information relevant to program implementation is easily acquired.

The leadership of the program divisions was handled similarly in most of the cases. The other

three aspects of capacity — structure, human resources and administrative support systems, are shown for each of the cases in Table 3, 4, and 5, respectively. Financial resources play a significant role in shaping program structures and administrative support systems; they are described in Tables 6 and 7.

Leadership: The program divisions are headed by well-qualified (Ph.D. or other advanced degree) and experienced professionals. Even the one CSRO that started out with volunteer leadership and no separate programs division, CRY, professionalized as it grew in size and social impact. Given the dual nature of the CSROs, two of the primary roles of the leaders of the program division, in addition to managers, are to serve as liaisons and advocates. They bridge board and staff discussions of program goals and strategies, and when necessary, advocate for the social development goals of the program division at the governance level (see the paper “Formation and Governance” in this series). FES’ vice president had the reputation of being particularly good at these roles (Ensign & Bertrand, 1995).

Organizational Structure: Table 3 shows how the CSROs were structured in order to design and deliver their programs. The first column shows the board roles. In all the cases, board committees give final approval for grants (over a specified amount) and provide policy oversight. One CSRO (CRY), evolved towards this model from its volunteer-based beginnings, in which the board was more involved with all aspects of the organization. In the two CSROs with strong affiliations with NGOs, (FEE and FPE), mechanisms to receive input from social development constituencies also were established. Only one organization, FES, established ongoing mechanisms to provide board members with an active operational role in program design and delivery. FES has the strongest dual identity — it is both a financial conglomerate and a social develop-

Table 3: Organizational Structure: Programs

Cases	Board Roles in Programs	Differentiation of Program Division
FMDR	Grant approval; oversight	Region: rural development centers
PBSP	Grant approval; oversight Program: productivity, education, research	Region: Luzon, Visayas, Mindanao; and publications
FES	Grant approval; oversight; operational (joint board-staff committees)	Program: education, health, social development, environment, social regulation (Bogota); Function: funds & projects, follow-up evaluation
CRY	Grant approval; evolving from operational (volunteer ethic) to oversight (professional)	Region: Bombay, Calcutta, Delhi, Bangalore, Madras; Function: planning, program support;
FEE	Grant approval; oversight; development constituency input (advisory council)	Program: development and communication; Function: operations
PRCF	Grant approval; oversight	Program: arts, education, philanthropy
FPE	Grant approval; oversight; development constituency input (regional councils)	Program: biodiversity conservation
KT	Grant approval; oversight	Region: Transvaal, Natal, W. Cape, E. Cape, Border; Program: community development, education

ment oriented foundation. It may be that the “energizing tensions” (Ensign and Bertrand, 1995) between these identities encourage more active participation of the board in program activities.

The second column shows that the program divisions were internally differentiated on the basis of three characteristics: region, program focus, and function. The most common basis for differentiation is program focus, such as education or productivity. Four differentiated

their divisions according to region (FMDR, PBSP, CRY, KT); all but FMDR did so in addition to program focus. CSROs with national orientations in large countries may find it advantageous to establish regional program offices that can communicate more easily with different constituencies in different regions. Finally, three CSROs also established departments to carry out functional responsibilities, such as planning, program support, and evaluation (FES, CRY, FEE). This type of structure may make it easier for the program division to develop core compe-

tencies in common functional tasks that are implemented across different programs and regions. At least three of the CSROs, FMDR, FES, and CRY, established managing committees, composed of the head of the programs division and the managers of the different departments within the division, to integrate and coordinate the work of the division. This suggests that the complex organization necessary to have desired program impacts with different

foci in different regions, may in turn require more coordination and integration at a senior level.

Human Resource Capacity: Table 4 shows the human resource capacity of each of the CSROs. The first column shows the qualifications of program staff, and the second shows how their personnel policies supported the ongoing development of the program staff so that they could contribute to program implementation.

Table 4: Human Resources: Program Staff and Personnel Support Policies

Cases	Program Staff Qualifications	Personnel Support Policies
FMDR	Professionals: primarily administration; senior and junior levels	Training (staff-initiated)
PBSP	Professionals: social work and business; senior and junior levels	Training (on-the-job, coaching, and external)
FES	Professionals: not clear in case	Promotes from within; salary and promotion incentives; regular personnel evaluations
CRY	Volunteers: originally, friends of Rippan Kapur; Professionals: increased over time, business	Developing policies to attract and retain staff (increase salary level, professionalize work environment, etc.)
FEE	Professionals: development; senior level only Consultants: experienced, for short term task such as evaluation	Training; learn from other staff through sharing experiences
PRCF	Professionals: program-related; senior level only	Not clear in case
FPE	Professionals: social science, business, natural resources management; senior and junior levels	Training and orientation to biodiversity in community-based resource management
KT	Political activists: initial operations; Professionals: post-democratic government role required development backgrounds; senior and junior levels	Training (from anti-apartheid to development orientation)

Qualifications: At the time the cases were written, all of the CSROs employed qualified and experienced professionals to implement their grantmaking programs. Two did not start out with professionals, but have added them as the demands of their program environments changed (CRY and KT). These professionals have backgrounds in fields such as social work, social sciences, business, and natural resource management. The cases describe three kinds of expertise required of program officers: knowledge of the specific kinds of development process in which the CSROs are engaged; project design and management, including financial and technical aspects; and the social skills to work positively with program participants.

It is difficult for the CSROs to find people who combine all these kinds of expertise: the skills involved are complex and require training in different fields, and they are sometimes divergent, so that an individual with one set of skills may have difficulty acquiring another. Three organizations (FMDR, PBSP, FPE) noted that they could find either, “squares” (people with financial and technical skills), or “circles” (people trained to implement the social and educational dimensions programs), but not individuals with both types of qualifications. The most common solution to this dilemma is to provide training (see column 2) to round out the qualifications of the staff and improve their capacities to implement programs (FMDR, PBSP, FEE, FPE, KT). FES, perhaps because of its longevity and businesslike culture, has developed extensive personnel policies which support staff development and align them with the organization, such as promoting from within, compensation incentives, and regular evaluation. Consequently, morale is reported to be very high at FES. CRY, at the other extreme, finds it difficult to retain staff and is developing personnel policies to support a professional, rather than volunteer, staff.

Three CSROs experienced dramatic changes in program staffing required by changes in original financing. FMDR’s staff was cut in half when it shifted from technical assistance to channeling funds. PBSP’s staff, however, went in the opposite direction, doubling in size with the addition of new donors. KT’s strategic shift from a political to a development mission was provoked when the European Community switched its relationship to the South African government. This shift led to a major retrenchment and retraining of its program staff.

Administrative Capacity: Table 5 gives an overall summary of the administrative grantmaking systems of the CSROs. It shows a “generic” grantmaking system, typical of these CSROs, in the interest of showing practitioners how grantmaking systems work. Grantmaking is carried out similarly by many foundations, and each of the CSROs developed some aspects of their systems more than others. The table notes which organizations developed the “best practices” in parentheses; readers may wish to consult the individual cases to gain more information about a particular practice.

Grantmaking systems involve five main stages: 1) proposal development and submission, 2) proposal review, 3) approval, 4) monitoring and 5) evaluation. These are listed in the first column of Table 5. Each stage may be distinguished by its main activities, key actors, and program-related goals and rationales. These are presented in the subsequent columns.

Grantmaking Stages: Each stage of the grantmaking process involves both written and interactive assessment of project goals, budgets, timelines, and feasibility. Standardized forms for proposals, monitoring and evaluation reports, and staff procedures were developed in most of the CSROs. Staff also make site visits and actively discuss the merits and feasibility of pro-

Table 5: Program Capacity: Administrative Support System

Stage in grant-making system	Main activities	Key actors	Program goals and rationales
1. Proposal Submission and Development	Staff manuals guide grant-making process (FMDR, PBSP, FES, FPE,KT); standard proposal formats; participants submit proposal; meet with program officers at site or foundation; attend training workshops (FEE)	Participants, Program officers	Alignment of priorities and projects; standardize for consistency and efficiency among program officers; transparency; outreach to participants; simplicity
2. Proposal Review	Program officer-executive staff meetings	Program officers, Executive staff	Assure projects meet criteria; select those with best fit; assure projects have capacity to fulfill objectives
3. Proposal Approval	Joint meetings: board level, sometimes including program staff (FES)	Board, Senior executive	Governance level approval of projects
4. Monitoring	Standard reporting forms; timeline for submission; site visits by program staff	Participants, Program officers, Co-funders (PBSP)	Facilitate project goal accomplishment; accountability to CSRO; problem-solving
5. Evaluation	Standard formats; site visits; CSRO maintains database (PBSP, FES, CRY); problem-solving approach (FEE); quantitative & qualitative indicators (FEE); occasional external evaluation (FMDR); regular internal and external audits FES, PBSP); planning retreats (PBSP, PRCF)	Participants, Program officers, Executive staff and evaluation officers, Board and auditors, Co-funders (PBSP, FES, PRCF, KT)	Assess project and program impacts; demonstrate accountability to CSRO and donors; inform new grantmaking and strategic program decisions

posals and projects with participants and senior organizational members. Effective grantmaking involves a balance: it is facilitated by standardized procedures, but requires active communication and dialogue among everyone involved, from participants to board members.

Rationales for the Grantmaking System: Six key rationales, or principles, lie behind the design of administrative support systems for grantmaking: 1) alignment with CSRO goals; 2) feasibility of project accomplishment; 3) accountability to the CSRO and its partners and donors; 4) trans-

parency; 5) effectiveness; and 6) responsiveness to participants.

1) Alignment: Established program priorities, communicated through written guidelines to participants, staff, and other constituencies, enable the CSROs to attract proposals for projects that are consistent with their missions. Meetings with participants and among different levels of CSRO staff also serve to align projects and participants with the goals of the organization.

2) Feasibility: The proposal design and monitoring process is also designed to provide participants with technical assistance that will enable them to set achievable goals and timelines for their projects. Inadequate planning or project management can derail any project, even if it is fully aligned with CSRO priorities.

3) Accountability: Proposals, reports and site visits for monitoring and evaluation help participants assess progress toward their goals and account for funds received to the CSROs, and in turn, to their partners and donors. Tensions easily develop around accountability procedures because the needs of the CSROs and those of their participants do not always mesh. Whereas CSROs require timely and written documentation of how funds are spent, project participants work in conditions which are often unpredictable and fluid. The actual development of a project may vary from initial expectations, and it is not always easy to meet foundation requirements (Schutte, 1995; Adoum, 1995).

4) Transparency: Published priorities and proposal guidelines help communicate the CSROs' goals and procedures to potential grant participants. Evaluation documents also help communicate to external constituencies how the CSRO has allocated its resources. Since the CSROs have private control of money which is donated or earned for public purposes, it is important

that they make their priorities and procedures as transparent as possible, in order to avoid suspicions of favoritism or self-dealing. US foundations and other non profits with significant financial resources have encountered a great deal of criticism and restrictive new legal requirements because of issues regarding their transparency and accountability (Kearns, 1996; Ylvisaker, 1987).

5) Effectiveness: Standardized formats and staff manuals describing organizational procedures for carrying out grantmaking activities help to promote effectiveness of the process. They make it easier for staff to efficiently assist participants to meet the criteria of the foundation, and they ensure that staff are consistent with each other. Program participants are based in a variety of locations and circumstances; staff must accommodate both their needs and those of the organization. Evaluation procedures through which participants and organization members identify project impacts and causes of success or failure also promote effectiveness. Like many development organizations involved in monitoring and evaluation, the CSROs have succeeded more often in evaluating for accountability than for learning how to assist and improve the program (Marsden & Oakley, 1990; Riddell & Robinson, 1995). It is easier to track items such as financial expenditures, numbers of people served, and physical capacity constructed than to analyze more complex development processes which often extend beyond the physical and temporal boundaries of a given project (Marsden & Oakley, 1990). In this light, it is impressive that four of the CSROs invested significant resources in developing their capacity to evaluate and learn from their program activities (PBSP, CRY, FEE, FES). FEE takes a proactive approach to monitoring and evaluation, consciously using it as a problem-solving process for the organization and the

participants. Staff use both quantitative and qualitative indicators in assessing project impacts. PBSP, FES, and CRY all maintain databases to assist on-going learning and information-sharing. PBSP and FES undertake regular social audits, both by external and internal staff. Finally, PBSP (and PRCF) systematically use evaluation data during strategic planning at board planning retreats.

6) Responsiveness: Meetings with participants at foundation offices and site visits to projects are important means of responding to the individual needs and goals of program participants. Many of the foundations received complaints from their participants that their grantmaking procedures were too complicated or time-consuming. At least two have responded by simplifying their procedures (PRCF, KT). A different response has come from FEE, asserting the value of its strict criteria in ensuring project success. There are no pre-determined answers as to what a given foundation's forms and procedures should look like; ultimately, responsiveness to participants takes place in the context of a process which is mutually inclusive of both the participants and the staff.

Major Patterns - Dual Nature Dynamics:

The CSROs' dual environments again may be understood to influence their internal behaviors: their grantmaking systems include some actors who represent the financial resource generation environments, and others who are concerned primarily with program environments. The board members involved in the grant approval and strategic evaluation stages are aware of funders' interests and priorities through their wider board responsibilities. Significantly, in four cases, funding partners are actively involved in evaluating (and in one case, monitoring) programs (PBSP, FES, PRCF, KT).

Program staff, on the other hand, have the responsibility for dealing with participants in

the proposal development and monitoring and evaluation stages. Through their interactions, they come to know and appreciate the perspectives, interests, and goals of social development actors. It is easy to see how conflicts between board and staff develop, due to their primary involvements with different environments of their organizations. Several of the cases note tensions that developed between social development and financial priorities (FMDR, PBSP, FES, CRY).

Two CSROs, (PBSP, FES), deal with these tensions productively, enhancing the effectiveness of their grantmaking. Some PBSP staff make it their job to "conscientize" their board members, taking them out to project sites so that they may understand better the reality of their participants' lives. FES maintains a strong team-oriented culture, so that all members of the grantmaking teams have input and work together in delivering the programs.

Program Legitimacy: During the formation of the CSROs, many recruited individuals to their boards who would extend their legitimacy with key constituencies (see the paper "Formation and Governance" in this series), either in their financial resource generation environments (FES, FEE, PRCF) or with their peers in social action (FEE, FPE, KT). At the program level, legitimacy is further established through developing program capacity that enables the organization to build a track record of successful project funding.

The principles of effectiveness, accountability, and transparency underlying the program support systems described in the preceding section also contribute to enhancing the legitimacy of the programs to external constituencies. Evaluation results that are publicized through annual reports, seminars, and other means help to demonstrate the successful track record of the CSRO. The efforts of three CSROs to establish

both internal and external auditing functions (PBSP, FES, FEE) suggest that legitimacy was an important concern.

Efforts to establish legitimacy are more easily detected in the financial environment than in the social development environment. Financial donors tend to be very explicit about their criteria for engagement. Program priorities must be aligned and procedures for financial accountability in place. Social development actors, on the other hand, tend to accommodate the interests of the foundations (Ylvisaker, 1987) without challenging what they may see as wrong-headed priorities. These studies unfortunately do not provide much information about the evolution of CSROs legitimacy with social development actors.

Challenge 3: Expanding and Diversifying Programs

The CSROs vary in age from four (FPE) to 32 years old (FES) at the time that the case studies were written. All have expanded their priorities; three of the oldest ones in very significant ways (PBSP, FES, CRY). Patterns in expansions and diversification may be understood by adapting Uvin's (1995) classification of types of scaling up of NGO services to identify three major types: quantitative, delivering the same program to more groups, qualitative, delivering new programs to the same or new groups; and political, influencing other actors to support the kinds of activities in which the organizations are involved. Table 6 shows how the types of expansion carried out by the CSROs (column 1) and why these choices to expand were made (column 2).

Types of Expansion or Diversification: Age may account for the degree and types of expansion pursued by the CSROs. FMDR is the only CSRO created before 1985 which did not expand in all three areas. Its financial crises

related to funding sources and currency devaluation may have prevented it from expanding. There is evidence that it had to reduce the number of locations it served because of its financial troubles.

One major pattern evident in CSRO expansion is that most became more development-oriented. Three CSROs added programs geared towards community-level social and economic development (FES, CRY, KT), and three others widened their participant groups to include more low-income and marginalized people (PBSP, CRY, FES). Three CSROs began to support organization development of community organizations and NGOs (PBSP, FES, KT), and four shifted their focus to formally organized groups and NGOs (PBSP, FES, CRY, KT). Three increased the focus of their programs from micro-level impacts in projects or with individuals, to more macro-level impacts in integrated projects, system-level targets, or work with groups and organizations.

These shifts indicate that the CSROs became more oriented towards the development needs of their societies. They became more aware of poor or marginalized social groups who could benefit from their programs. Like many organizations in the development field, they learned that poverty is better addressed by integrated, systemic programs, rather than by individual and project support (Korten, 1990; Marsden & Oakley, 1990). Equally important, they learned from experience that informal groups and communities were not always able to manage the financial and administrative aspects of their grants (D'Souza, 1995), so many turned to partnering with formal organizations such as NGOs. CSROs increasingly provided organizational development and management assistance as a direct means of enhancing the capacity of communities to undertake their own development.

Table 6: Program Expansion and Diversification

Cases (date of founding)	Type of Expansion or Diversification	Driving Factors
FMDR (1969)	Quantitative: new, and then reduced locations	Regional needs; financial capacity
PBSP (1970)	Quantitative: new groups and organizations, new and then reduced regions; Qualitative: organizational development, systems support; Political: new types of support, e.g. center for corporate citizenship	Regular strategic evaluation; financial capacity; organizational capacity
FES (1964)	Quantitative: new organizations, low-income groups; Qualitative: social and economic development, NGO development; Political: advocacy, networking, research	Regular auditing and strategic evaluation; financial capacity
CRY (1979)	Quantitative: new groups of poor children and communities; Qualitative: women, community development, integrated development; Political: seminars, database, networking	Regular strategic evaluation; financial capacity; organizational capacity
FEE (1990)	Qualitative: Income-generating, credit; Political: advocacy	Regular strategic evaluation; advisory councils and fora
PRCF (1985)	Qualitative: dropped crime and drug prevention, added loans	Strategic planning retreats; financial capacity
FPE (1992)	Qualitative: expanded types of biodiversity sites	Evaluation of interim period
KT (1985)	Quantitative: new community-based organizations, businesses	New identity, new funding partners

Another pattern that associated with increased CSRO awareness of development issues is apparent in the types of support they offered. Three added educational services such as management training for their participants and extended their strategic activities to include advocacy and networking with wider constituencies (PBSP, FES, CRY); FEE and PRCF provided these sources from the start. These efforts will

be discussed in more depth in regards to the fourth challenge, influencing the program environment.

Column 2 of Table 6 shows three main factors which drove program expansion: regular strategic evaluation (PBSP, FES, CRY, FEE, PRCF, FPE), financial capacity (FMDR, PBSP, FES, CRY, PRCF), and organizational capacity (PBSP, CRY). Regular evaluations at the strategic level

enabled the organizations to assess their experiences in meeting their objectives in order to redefine or expand their priorities. PBSP and CRY stand out as two organizations which have continually identified new groups that could benefit from their programs and new areas in which they could have an impact. PBSP, FES, and CRY all maintain databases which facilitate rigorous program evaluation.

At the same time, new program priorities require organizational and financial capacity. In at least two cases, increased organizational capacity, primarily regionally-oriented program departments, provided better access to and knowledge of regional program needs (CRY, PBSP). Both increasing funds (PBSP, FES, CRY, FEE) and decreasing or changing funds (FMDR, PRCF, KT) influenced decisions to expand or contract programs.

Donor Influence: Donors played a significant role in influencing the program priorities and operations of most of the CSROs. Table 7 categorizes the foundations into three main types with respect to donor influence: those who determined their own priorities and operations; those who co-determined some priorities and operations with donors; and those who explicitly served as a conduit — albeit a “value-added conduit” — for donors.

The two CSROs who determined their own priorities chose different financial resource generation strategies. CRY’s vision led it to raise money through campaigns and greeting card sales to the Indian middle class. FEE, on the other hand, set its priorities and then sought international foundation partners who would work with them in a mutually respectful and collaborative way.

Table 7: Decisions about Program Priorities and Operations

Case	Program Decisions
FMDR	Jointly-determined: Credit funds must follow bank criteria.
PBSP	Jointly-determined: Brokers funds which it co-monitors; required by financial necessity.
FES	Jointly-determined: Permanent matching funds and grants jointly administered.
CRY	CSRO-determined: Board and staff establish priorities and operations; create fundraising campaigns for specific projects.
FEE	CSRO-determined: Board and staff seek partners rather than donors; do not accept conditions.
PRCF	Donor-determined: Four major programs extends US foundation programs to Puerto Rico
FPE	Jointly-determined: Priorities and Operations inherited from USAID, US NGOs, and PBSP; currently developing own systems and priorities.
KT	Donor-determined: Established as “value added conduit” for EU funds: moving towards being independent implementer of development programs.

CSROs which jointly determine some program characteristic with donors do so in order to gain necessary financial resources. Leaders in two of these four cases express some frustrations. PBSP, even though it is willing to turn down funds that do not align with its own priorities, only turned to brokering funds out of financial necessity. A recent evaluation has concluded that co-administration has led the foundation to a situation in which 60% of its resources go to non-priority areas, so it has decided to decrease the percentage of programming accounted for by co-administration (Gil Salazar, conference presentation, Maputo, May 1996). FPE's frustrations are somewhat different. FPE's NGO leaders inherited the program priority of biodiversity conservation and the operating procedures of several external agencies. They are now struggling to define a workable interpretation of biodiversity conservation in the Philippine context and develop their own grantmaking systems.

One of the two CSROs that were established as conduits, KT, has begun to transform itself into a new kind of development organization which is more independent, due to the change in the political context. PRCF, which was founded to capture US foundation and business money, appears content in its role, albeit unhappy with the reductions in support from that expected.

Challenge 4: Influencing the Program Environment

Most of the CSROs discovered, that they needed to influence their program environments in ways beyond grantmaking in order to achieve their missions. They more increasingly engaged in educational and advocacy efforts with individual, organizational, and political constituents in their societies.

These additional activities can be categorized into three main types of influence, according to

the type of constituency involved: 1) influence with program participants, 2) influence with other development organizations including both peers and donors, and 3) influence with governments and the broader public. The CSROs have sought to train their program participants in proposal writing, project design, and NGO or community organization management. Although most began as primarily grantmaking agencies, most evolved diversified programs to expand local capacities. These efforts equipped participants to be better able to utilize the grants and loans offered by the CSROs and develop their communities.

The CSROs also sought to exchange ideas and experiences with NGOs and other development organizations involved in their fields. FEE tries to develop an alternative regional development paradigm that would have an impact on national development activities. Several CSROs sponsored research into the causes of social problems and effective ways of dealing with them (FEE, CRY, PRCF). CRY networked with NGOs working with children in order to share information and results of their work. Social and economic development is a dynamic process involving many factors; staying in communication with others in the field provides better opportunities for staying on top of new events and needs. The CSROs also seek to influence donors. Donor recruitment is also a process for exchange of ideas related to development program priorities for FEE and PBSP. They seek out donors who are like-minded in principle and open to co-determining program priorities. CRY also influences its middle class donors and customers to become more socially responsible for deprived Indian children.

Finally, some of the CSROs acted as advocates in public arenas for the perspectives and needs of social development actors. PRCF conducted a media campaign concerning drug abuse; FES worked with the Columbian government

to improve the judicial system. FEE publicized the results of its research and fora to wider constituencies. PBSP created a center for corporate citizenship to encourage Philippine businesses to become more socially responsible. These efforts to influence the program environment are often carried out by organizational members outside of the program divisions. PBSP and FES developed separate units to deliver educational programs. Executive level staff, by their role more concerned with external constituencies, are often involved in advocacy efforts.

Discussion and Implications for CSRO Practitioners

Whereas the CSROs initially were very similar to foundations, with a primary function of providing grants or other types of financial resources to their constituents, their programs evolved in ways that brought many to look more like NGO “support organizations” (see Brown and Kortzen, 1991 Carroll, 1992) providing a variety of resources to civil society groups and organizations beyond grantmaking. In many CSROs, program priorities became more directed to the needs of low-income people and other marginalized groups in their societies. Several shifted their activities to project interventions more attuned to the complexities of the social, economic, and natural systems in which poor people live and attempt to improve their lives. Finally, they increased their investments in the organizational development and management of NGOs and CBOs in order to enhance the capacity of development actors to manage their own funds and administrative needs. To influence wider societies, they added educational and advocacy activities, if they did not start out with them. Thus, through their program development and external activities, the CSROs became less like foundations in the US tradition and more like support organizations that give grants and loans as one type of resource to support civil societies.

An awareness of this trend may assist other CSRO practitioners to identify the multiple influences on program development that will accompany their commitment to provide financial and other types of resources to social and economic development actors in these countries in Africa, Asia, and Latin America. Developing and delivering programs to promote development are dynamic processes, born of CSRO goals, identities, and capacities, but

fundamentally responsive to both financial resource donors and the social identities and needs of program participants. In the words of Graça Machel, the head of Mozambique’s Foundation for Community Development (FCE), CSROs must “swim in the two rivers” of financial resource generation and program development and delivery (conference presentation, Maputo, May, 1996).

The cases offer three main sets of lessons useful to other CSRO practitioners who swim in these two rivers. First, most CSROs preferred to self-determine or co-determine with donors their program priorities and operations. Only PRCF and KT were established as conduits for external funds, and KT has now become a more independent organization. Self or co-determination better enables CSROs to respond to social problems in their own countries. FEE and PBSP both recruited donors who would act as partners in program design and development. The leaders of both these CSROs said they would turn down funds which were not well-aligned with their organization’s strategies. CRY, FES, and later, KT developed funding mechanisms closely aligned to their missions, so that the interests of donors would not distract them. Those CSROs that chose to co-determine priorities with donors needed strong financial and organizational capacity to give them “bargaining power” with the donors. Even so, PBSP has recently reported that it is moving away from structuring a large percentage of their programs in this way, suggesting that co-administration can be an initially attractive, but problematic in the longer term.

Second, CSROs face the issue of how to invest scarce resources for their own organizational development. Donors and program constituents both press for resources to be spent in programs rather than in developing organizational capacity, yet program effectiveness depends on

having the staff and systems to design, implement, and evaluate activities. The cases suggest that resources invested in three main areas will benefit program effectiveness: staff development, through training and personnel policies which round out staff competencies; grantmaking systems that address the key principles of alignment, feasibility, accountability, transparency, effectiveness, and responsiveness; and regular strategic evaluations that identify learning from program experience and match financial opportunities and capacity with new program needs.

Finally, CSROs can have an influence on the development of their civil societies through activities in addition to their programs. Based on their experiences in their own organizations, CSRO executives and senior staff can play leadership roles in public arenas which encourage changes in laws and public policy (FES), public behavior (PRCF), the culture of domestic philanthropy (CRY), and the program priorities of other CSROs and NGOs (CRY, FEE, FES). In this respect, CSROs are like other civil society organizations that seek to strengthen the impact of civil society on public life. No single organization can change the complex conditions which cause poverty and barriers to opportunities. Increasingly, civil society organizations must find ways to link up with each other for mutual education and public advocacy. Multi-organizations and multi-sector alliances that can engage the state and broader public constituencies to influence policy and public opinion will have better chances of achieving their missions of social and economic development.

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Notes