



**A practitioners guide based upon experience
from Africa, Asia, and Latin America**

Foundation Building Sourcebook

A. Scott DuPree and David Winder

With Cristina Parnetti, Chandni Prasad and Shari Turitz

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The Synergos Institute
9 East 69th Street
New York, NY 10021 USA
tel +1 (212) 517-4900
fax +1 (212) 517-4815
email synergos@synergos.org

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Introduction

Each time a grantmaking foundation has been established, the challenge has been a creative one, including considerable re-inventing of the wheel and an investment of time and resources from committed individuals and organizations. Wherever staff, board and/or founders have had access to information about the practices and strategies that have worked for other organizations, they have often been able to take advantage of this experience to increase their own chances to succeed. Toward this end, this sourcebook seeks to be a tool in sharing information and experience between organizations in a way that will help practitioners to strengthen their own organizations. The book presents actual experience and materials from foundations around the world, drawing from two primary sources:

- First-hand material from southern grantmaking foundations, such as mission statements, strategic plans, job descriptions, board materials and case statements
- Pertinent supplementary research and studies on foundations, including Synergos' series of case studies on foundations in Africa, Asia and Latin America.

The organizations that are the focus of this book share common characteristics. Responding to very different conditions in which they operate, they play a central and strategic role in strengthening civil society in their countries. Their comparative advantage as resource mobilizers, compared to many other civil society actors, 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 resources for civil society activities—in a variety of areas ranging from the arts, environment, poverty alleviation, agriculture and education—in their countries through grants but sometimes through other financial mechanisms such as loans
- Leveraging diverse sources of financing for the projects and programs of civil society organizations
- Assisting northern foreign aid agencies to channel resources to civil society in more sustainable and effective ways
- Acting as an interface for public policy dialogue between civil society and the government and business sectors

The sourcebook uses the term “grantmaking foundation” largely because it is readily understood to most people working in this field. It should be noted, however, that there is no universal consensus on the use of the term. It is used here

for the sake of consistency but could as well be replaced with other terms including “grantmaking trusts,” “grantmaking NGOs,” or even “civil society resource organizations.” Even the meaning of the word “foundation” differs between regions of the world because legal, philanthropic, cultural and historical contexts vary significantly between countries.

The sourcebook seeks to be of particular use to foundation practitioners—senior staff, board and founders. It draws heavily from the experience of grantmaking foundations but it is hoped that the information and experiences will also prove useful to other types of grantmakers, including company foundations, family trusts and quasi-governmental, autonomous development funds. Although every organization is unique, the experience presented in this book reveals parallels in the process of institutional development. Among these, practitioners face specific tasks at various times in their organization’s development:

- Bringing together an active constituency
- Raising and developing a sustainable source of income
- Developing a skilled professional staff
- Putting in place systems of accountability
- Planning for strategic growth
- Recruiting and developing a governing unit (such as a Board)

How the Book is Organized

The book is arranged in five sections corresponding to key areas in building and strengthening foundations:

- Chapter 1:* **Formation** brings together the experience of different constituencies that have successfully raised support for the idea and established foundations in their countries.
- Chapter 2:* **Governance and Institutional Development** focuses on how foundations have built and made use of their boards; also, how they have made central decisions about the plans and financial management of the organization.
- Chapter 3:* **Program Priorities** looks at the roles that foundations play within their countries and how they design and operate programs to meet their objective. One central focus of this section is developing grantmaking programs.
- Chapter 4:* **Resource Mobilization** explores how foundations have raised funding and other resources in support of civil society activities, both resources that they manage and those that go directly to the organizations that foundations, seek to support.
- Chapter 5:* **Communications** looks at how foundations have produced communications material that has been effective in publicizing their programs and increasing public awareness.

Within each section, specific chapters present from two to four cases that look at how foundations were able to respond to a specific challenge or create a desired impact. Each case aims to provide the reader with a brief contextual outline highlighting what the organization sought to accomplish and the environment within which it operated. To the greatest extent possible, the solutions and practices that enabled a foundation to reach its desired end are presented through their own materials, evaluation and analyses: for example, case and mission statements, job descriptions, annual report formats, eligibility requirements for grant programs and strategic plans.

At the beginning of each chapter a brief two-to-four page introduction is meant to assist the reader to extract important questions and issues from the examples. Summary points arising from the chapter are given to help those who are seeking to draw lessons and reflect further on the topic of the chapter. An index at the end of the book is provided to help in locating specific information quickly. Appendices include a bibliography of references, useful addresses and other relevant supplementary data.

How to Use this Book

The sourcebook is not a step-by-step guide. Nevertheless, the experience of similar organizations can provide practical guidance to pressing real world issues. In this way the book can be used as a manual. It is designed to guide practitioners in the daily questions they confront while running or working with a foundation. When confronting a particular task, the practitioner can refer to the relevant chapter to find a few references with approaches that may be adaptable or contain useful lessons. At the very least, having access to the experience of other foundations will provide some guideposts as to what questions to ask and how to proceed. If a case is particularly relevant, practitioners may want to find out more information or go deeper into the experience. The supplementary information in the appendices will direct the reader to additional sources.

Sourcebook Advisory Committee

In order to ensure that the sourcebook both responds to the needs and interests of southern foundations and accurately reflects their experience and perspectives, an international advisory committee was formed to provide Synergos with guidance on the preparation of the sourcebook. The advisory committee was comprised of eight institutions engaged in foundation work in southern countries.

Boris Cornejo	Esquel Ecuador Foundation
Carlos Fumo	Foundation for Community Development (Mozambique)
Gisela T. Velasco	Philippine Business for Social Progress
Katharine Pearson	East Tennessee Foundation
Kathy Agard	Council of Michigan Foundations
Susan Pezzullo	International Youth Foundation
Suzanne Feurt	European Foundation Center
Helen Seidler	Council on Foundations

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Starting a Foundation

Introduction

Establishing a grantmaking foundation is a challenging process. Though the reasons for starting a foundation may differ, common to all such endeavors is a commitment to make a difference on pressing social and economic problems.

A foundation is not just an organization that gives grants; it is generally intended to be a permanent institution for the social good that has the capacity to raise and manage financing. As such, founders will need a clear idea of where they will raise this money. Key challenges include knowing how to involve people and how to create a climate in which the foundation can most effectively support the people it wishes to help.

Individuals and institutions with sufficient money and interest can create foundations without consulting broadly. They need only to meet minimum legal requirements. The founders of foundations in this chapter have chosen, instead, to consult broadly, focus on learning and encourage the participation of a range of potential stakeholders for a variety of reasons:

- Lack of sufficient resources. Involving other actors helped them to leverage and raise additional resources
- Desire to improve their potential impact
- Desire to learn from others and benefit from their knowledge and good ideas
- Desire to create awareness and support for the foundation's objectives

The process of formation can take a variety of paths depending on the national political, economic, social and cultural contexts. It is also influenced by the individuals and/or organizations standing behind the idea. In the cases in this chapter, establishing the foundation involved formulating the idea, fostering awareness and commitment to this idea among key national and/or international actors, building resources to support the initiative and creating a basic institutional framework. The process involved consultations with individuals and groups related to the initiative (affluent people, key local and international organizations, political leaders, leading academics and legal and accounting professionals).

The following chapters, based on the early experience of seven grantmaking foundations, illustrate how they addressed key issues:

Section 1

Formulating the Idea: The Founders

Section 2

Building Commitment and Resources

Section 3

Choosing Structure and Mission

Section 1 **Formulating the Idea: The Founders**

The following section examines why and how founders of foundations formulated the idea for their initiative. In these three cases different structures suited to differing local needs and opportunities were chosen.

Example 1	A Community Foundation <i>Puerto Rico Community Foundation</i>
Example 2	Private Sector Membership <i>Foundation for the Philippine Environment</i>
Example 3	A Coalition for the Environment <i>Philippine Business for Social Progress</i>

Why Start a Foundation?

Each foundation in this chapter was established as a strategy for addressing a deep social challenge. These challenges had wide currency (social development, community building and environmental conservation) and they were not likely to be solved in the short or medium term. The question was not only how an immediate need could be met but how financial resources could be used to promote sustained action over the long term. Timing was also a factor. For example, the Philippine Business for Social Progress owed its genesis to the perceived need of business leaders to show their social conscience and separate themselves from a dictatorial government of the time.

Who Starts Foundations?

The founders of the foundations in this chapter—Philippine Business for Social Progress (PBSP), the Puerto Rico Community Foundation (PRCF), and the Foundation for the Philippine Environment (FPE)—were small groups of individuals (five to ten) who were committed to finding support for causes about which they felt strongly. Towards this end, they devoted significant time, energy and/or financial resources. Individuals came from various backgrounds including business, academia, government officials, and religious and civil society. In every case, the leadership and vision of individuals in the group was fundamental. These founders often became trustees, directors or staff, and continued to assist the development of the organization in their new roles.

Founders played various roles. They:

- Articulated the need for a foundation;
- Contributed technical support, funding, advice and facilitation

- Raised funding for the initiative
- Mobilized the talents, energy and resources of others who shared their vision
- Planned and implemented the foundation

While individuals are often the driving forces behind the development of grantmaking foundations, organizations can also play pivotal roles. In the case of PRCF, FPE and PBSP, established organizations including other foundations, non-governmental organizations, businesses and even government departments assisted in the creation of the foundation. . The support these organizations gave to the effort came in the form of access to knowledge and information, physical space, seconded staff and technical assistance.

[What Skills and Knowledge Are Useful in Establishing Foundations?](#)

Some skills founders brought to bear were:

- Understanding of economic and social conditions and how these affect the communities they wish to serve
- Knowledge of existing institutions and networks involved in similar issues
- Expertise on local laws governing the nonprofit sector
- Accounting expertise, particularly, knowledge of fund management and tax laws
- Connections to organizations or individuals who will potentially provide support
- Knowledge of non-governmental organizations, particularly, how they are managed, what structure they can take on and what needs they have

[What Role Can Organizations from Other Countries Play?](#)

Grantmaking foundations are a relatively new type of organization in many countries. Obstacles to establishing them include a lack of information and an uncertain financial context. Organizations in other countries can help to overcome some of these obstacles by providing information, good models and financial and technical assistance. This was the case in the development of PRCF where the Ford Foundation played an important support role, as well as for PBSP where the founders adopted useful approaches from another Southern foundation—Venezuela's *Dividendo Voluntario Para la Comunidad*. The founders of PRCF and PBSP each worked with foreign groups to assess the need for a grantmaking organization, gain political and financial support and adapt the idea to the local context.

Specialized international NGOs (such as Synergos), associations of foundations and religious institutions have also been important in the development of Southern grantmaking foundations, but they did not play a role in these cases. These organizations provided access to resources, technical support and consultants, links to other foundations, and information.

Summary Points

The case for a grantmaking foundation is usually built upon the identification of specific, unmet needs. The foundation-building effort usually rises from the identification of a particular need and the realization that a grantmaking foundation is the most effective and appropriate response. The founders of PBSP saw social unrest and the growing disparity between rich and poor as a need to be immediately addressed through the committed involvement of business in social development efforts. In the case of FPE, the need that propelled the foundation-building effort was the escalating problem of environmental depletion and degradation. Founders must also determine that the effort required to address the need is feasible.

Committed leadership and support are critical in the early stages. The core or founding group plays a key role throughout the period of formation of a new foundation. For the initiative to move forward, it is critical to have a group of individuals or institutions organized around the same idea and committed to ensuring the success and sustainability of the effort. The seven-member founding group of PRCF was key in defining the structure and role of the new foundation. Each member also brought his/her personal legitimacy to the process—which proved critical to attracting funding.

Building alliances with other groups and sectors can help gain broader support for the new foundation. Members of the founding group can come from the same sector of society (as in PBSP's case, where all members came from the business community) or from different sectors and professions (as in the cases of PRCF and FPE). What is vital in both cases, is the commitment of every member to the common goal of building a financing organization, and their willingness to devote their time, expertise and resources to make it happen. In the three cases in this chapter, the founding group played a critical role in engaging the support of others, giving shape to the idea of a foundation, guiding the process and defining the mission and vision of the new foundation. Involving people from different sectors also helps incorporate new skills to the process.

If a part of the foundation building process, local and external actors can facilitate access to expertise and resources. Local and/or international entities (Northern and Southern foundations, NGOs and aid agencies) are, in some cases, key partners in the foundation building process. They usually provide technical expertise, financial and/or political support to the initiative. In the case presented by PBSP, a Venezuelan organization provided the model from which the Filipinos defined the structure of their new foundation. PBSP also benefited from the expertise and support of a local NGO, the Economic Development Foundation, which played a critical role in organizing the professional staff. In PRCF's case, an international foundation, the Ford Foundation, provided financial and technical support and credibility to the building of the new organization.

Example 1

A Community Foundation

*Puerto Rico Community Foundation**The Role of the National Puerto Rican Coalition*

The initial inspiration to establish a foundation came in the early 1980s from the Puerto Rican community in the United States. The National Puerto Rican Coalition (NPRC), a Washington, DC-based lobby group that had historically served the needs of Puerto Rican immigrants in the United States, was looking for a way to stimulate US-based philanthropy to the island.

In June 1983, NPRC sponsored a seminar in San Juan to focus on the needs of the nonprofit sector in Puerto Rico. NPRC invited nonprofit organizations, corporations and US foundations. Two Puerto Rican universities, the Inter-American University and the Ana G. Méndez University System, co-sponsored the event. The idea of creating a grantmaking foundation was proposed for the first time at the seminar. According to NPRC President Louis Nuñez:

This seminar was the eye-opener. Fifty organizations were expected to attend. Ninety did, and the needs they described to the representatives from the donor community were so dramatically presented that steps were immediately taken to set in motion follow-up sessions aimed at devising the kind of structure needed to group these widely varied entities into an umbrella-type organization that could assist them all in obtaining the resources needed to deal with their specific problems.¹

The seminar prompted several subsequent meetings among the NPRC, the Ford Foundation and the Schering-Plough Corporation. One major outcome of these meetings was a Ford grant of \$30,000 to NPRC for a feasibility study on the idea of creating a community foundation in Puerto Rico. In October 1983, NPRC contracted Alex W. Maldonado, a leading Puerto Rican publisher, public relations executive and journalist, to conduct the study. Maldonado carried out dozens of in-depth interviews, introduced the concept of a community foundation and researched potential donors.

Some other contributions of the NPRC to the founding of the PRCF were that it:

- Identified and contracted the consultant for a feasibility study
- Promoted the idea of a community foundation to potential supporters in Washington and Puerto Rico
- Participated in a core group that designed the mission and vision of the foundation

The Role of the Business Community

After an economic boom in the 1950's and 1960's, Puerto Rico faced a sharp recession in the 1970's that saw many workers migrate to the United States in search of employment. To mitigate the impact of the 1974-1976 global recession, the US adopted incentives to create jobs on the island. One of those was Section 936 of the US Internal Revenue Tax code that granted businesses attractive tax credits if they located in Puerto Rico. The island became a tax haven for US

manufacturing investment, especially in the pharmaceutical industry. The law permitted Puerto Rican subsidiaries of US corporations to repatriate their profits to the mainland free of federal taxes. Companies that benefited from the tax law became known as "936 companies." Several of these companies, following the lead of Schering-Plough, were influential in founding the PRCF.

Schering-Plough Corporation

Although many corporations were invited to the June 1983 seminar, Schering-Plough, a "936" company that produces pharmaceuticals, was the only one that attended. The interest of Richard Kinney, president of Schering-Plough's Puerto Rico operations, was key to its feasibility.² Schering-Plough had three manufacturing plants in Puerto Rico and close ties with the National Puerto Rican Coalition in the US. After the seminar, Richard Kinney agreed to join in support of the creation of a community foundation. According to a case study about PRCF's formation written by Roberto E. Bouret, founder of PRCF:

Kinney agreed to seek the personal participation of Schering-Plough's Chairman and CEO, Robert P. Luciano, in leading the effort to rally corporate support for the project from his Section 936 colleagues. Luciano, it was proposed, would approach his peers at the highest executive levels of the pharmaceutical industry. This was seen as the most productive approach, inasmuch as it might mollify the reluctance of local management in Puerto Rico to become involved in community efforts which could well exceed their managerial discretion in terms of funds allocations.³

Luciano accepted the role as chair of the Foundation's Development Committee. He led the effort and committed \$100,000 a year for three years from his company. Luciano and Kinney were instrumental in rallying support from other 936 companies. In its first year, thanks to their efforts, the foundation had commitments of US\$1.8 million from eleven "936" companies, two local banks and several smaller donors.

Banco Popular of Puerto Rico

Another corporate leader in the forefront of the local effort to gain support for the foundation was Héctor Ledesma, President of Banco Popular, the largest Puerto Rican bank. Nuñez of the NPRC, Ford Foundation President Franklin Thomas and Schering-Plough's Luciano met with Ledesma to promote the idea of the Foundation. Seeing the interest and commitment of the Ford Foundation to the idea was one of the reasons Ledesma believed that it was viable. According to Louis Nuñez, "Héctor would soon thereafter become the President of the Puerto Rico Community Foundation's Board of Directors and would commit Banco Popular to a contribution of \$150,000, the largest from any locally owned business."⁴

In summary, the key contributions of corporate leaders to the founding of the Puerto Rico Community Foundation were:

- US\$1.8 million to match international challenge grants
- Lobbying efforts to other US and Puerto Rican corporations to support the foundation
- Direction and guidance through Advisory Committee and Board participation

The Role of US Foundations

In several cases private US foundations, such as the Ford, Rockefeller and C.S. Mott Foundations, the Carnegie Corporation and the John D. and Catherine T. MacArthur Foundation, have played a significant role in assisting in the establishment of foundations in other countries. For PRCF, the interest and support of Ford and several other US foundations gave the founders seed resources and credibility that helped them to involve others and move ahead at a faster rate.

Because they attended the June 1983 seminar, representatives from the Rockefeller Foundation, the Carnegie Corporation and the Ford Foundation were involved from the first stages of the effort. Ford took a special interest in the idea of a local grantmaking institution in Puerto Rico, recognizing that local nonprofit organizations were sufficiently organized to benefit from a foundation. Ford's motivation was based on its interest in improving its grantmaking in Puerto Rico. According to Ford's current President, Susan Berresford, "We had come to the conclusion that our staff could not spend enough time in Puerto Rico to know the island well enough to make good grants."⁵

The Ford Foundation, and particularly then-Vice President Susan Berresford and Program Officer William Diaz (himself from Puerto Rico), helped facilitate the formation of PRCF. Ford:

- Supported the feasibility study
- Assigned its counsel to investigate legal issues around starting a foundation
- Hired a consultant, Homer Wadsworth, formerly of the Cleveland Foundation (a US community foundation), to guide the core group in starting the foundation
- Galvanized the support of other US donors to raise an initial \$4 million in challenge grant funds for the foundation
- Loaned the services of one of its staff, Patricia Biggers, to train the first program staff and contracted the services of Michael Hoffman from the Cleveland Foundation for support in setting up the administrative procedures
- Provided ongoing financial, technical and political support

The Role of the Founding Group

The consultant conducting the feasibility study, Maldonado, and NPRC Director Louis Nuñez recruited the most enthusiastic of those interviewed for the study to

be part of a founding team. The objective of the team was to translate the foundation idea into a reality. The team included:

- Héctor Ledesma, President of Banco Popular
- Raymond González, Partner in charge of Price Waterhouse in Puerto Rico
- Roberto Bouret, Vice President for Public Relations of the pharmaceutical company, SmithKline Beecham, and a veteran fundraiser
- Manuel Dubón, a lawyer and real estate developer
- Salvador Casellas, a prominent lawyer and former Secretary of the Treasury in Puerto Rico
- Jaime Fonalledas, president of a real estate conglomerate
- Ethel Ríos de Betancourt, a university professor and administrator

The team had a profound impact on how PRCF exists today. Possibly the most important contribution they made was in developing the foundation's initial financing. Ledesma became deeply involved and was key in gaining contributions from local businesses in Puerto Rico; he later became the first President of PRCF's Board of Directors.

The NPRC's Nuñez also worked with the Ford Foundation to gain support from other US foundations. Towards this end, PRCF received a US\$250,000 seed grant from Ford, in addition to commitments of nearly US\$4 million from Ford, Rockefeller, Carnegie, Mott and the John D. and Catherine T. MacArthur Foundations. Their donations were structured as challenge grants to encourage additional individual and corporate donations. PRCF was given three years to raise US\$8 million to satisfy a two-for-one match and receive the US\$4 million combined pledge by the group of US foundations. PRCF accomplished this goal.

From the beginning of 1984 through April 1985, the founding members met almost once a month, sometimes in day-long meetings, in order to discuss key issues surrounding the establishment of the foundation (structure, role, mission, program areas). These meetings usually took place in an office lent by the Banco Popular. Toward 1985, the team expanded, incorporating people from areas and fields of expertise not yet represented among the founders. This expanded group designated itself as PRCF's first Board of Directors.

Significant accomplishments of the Board were:

- Legally incorporating the foundation
- Writing a mission statement
- Drafting the by-laws
- Launching a publicity campaign to widely disseminate information, not just about the new foundation, but about the broader idea of a community foundation

The process of formation culminated by the end of 1985. By that time PRCF had elected its first President and had begun to make grants amounting to \$500,000.

Contributions of PRCF's founding members include:

- Building the funding base of the organization, through contributions from local corporations, “936” companies located in the island and US foundations.

- Defining the mission and objectives
- Delineating the foundation's structure and initial staffing needs
- Defining the main program areas
- Selecting the original Board members
- Providing technical assistance in procedural and administrative matters

Several of the founders went on to become original Board members, continuing to influence the development of PRCF.

Example 2

Private Sector Membership

Philippine Business for Social Progress

The PBSP was established in December 1970 by 50 leaders of top Philippine corporations who saw the need for a mechanism that would deliver professional development assistance to the poorest of Filipinos. Today, the PBSP is a corporate led foundation whose membership (175 companies) has committed one percent of net income before taxes to social development.

Timeline of Activities

- 1970**
- Initial meetings between Philippine business leaders
 - Corporate social responsibility workshops held
 - Discussions focused on funding the organization
 - Visit by Venezuelan foundation "Dividendo Voluntario para la Comunidad"
 - Presentation of Dividendo's experience to Philippine business leaders
 - PBSP founded and registered with the Philippine Securities and Exchange Commission
- 1971 (May)**
- PBSP registered with the National Science and Technology Authority as a foundation of a scientific and developmental nature
- 1971 (April)**
- PBSP opens its doors

Who Founded PBSP?

During 1970, top businessmen from three business associations—the Council for Economic Development, the Philippine Business Council, and the Association for Social Action (ASA)—came together to discuss a new agenda for business in the face of a worsening social situation. Business leaders involved in these meetings became the founders of PBSP. Founders saw their motivation as self-interest as well as an expression of genuine concern. In the words of one of PBSP's founders, Sixto "Ting" Roxas, III, of the Economic Development Foundation (EDF):

To the extent that the businessman's economic activities generate an imbalance in society and create social tensions, he must undertake social development programs which respond to these social problems.⁶

Other founders, including Catholic businessmen Howard Dee and Armando Baltazar, believed business had a responsibility to become more involved in social

development. This tendency was part of a trend in the Philippines, started in the 1950's, where the Catholic Church encouraged its followers to struggle for justice for the poor. Several businessmen joined forces with the Church hierarchy toward that end. Dee and Baltazar were part of that tradition.

Other founding members of PBSP included:

- Jose M. Soriano, Chairman and President of Atlas Consolidated Mining and Development Corporation
- Andres Soriano, Jr., CEO of the San Miguel Corporation
- Don Emilio Abello, Manila Electric Company (MERALCO), an utility company
- Washington SyCip, SGV, an accounting firm
- Howard Dee, The United Laboratories, a pharmaceutical firm
- Luzio Mazzei, Shell Corporation Philippines
- Bienvenido Tan Jr., Philippine Tobacco and Modern Glass

Like the differing motivations of the various founders, their conceptions of social development also varied. Founder Tan recalls,

The movement was spearheaded by people who had mixed visions about what they wanted to do...they wanted to put together a group under this idea of 'helping people who need help to help themselves' without really knowing what implementation of this concept meant ...⁷

To clarify the foundation's mission, Howard Dee contacted Washington SyCip to get help in preparing a concept paper on a mechanism that would respond to the desires of the businesspeople involved. SyCip suggested the group form a social venture capital company that could invest in small-scale social development projects to help them become more sustainable.

The main actors who founded PBSP were all from the business community. In describing the role and importance of the founders, former PBSP Executive Director Ernesto D. Garilao writes from his paper entitled PBSP - Can it be Replicated?:

Since PBSP's establishment in 1970, about half of its 50 founding member companies have remained members of the Foundation. Similarly, the executive officers—the original founders and their CEO successors have continued to actively serve, all on a voluntary basis, on the Foundation's Board of Trustees or other committees created by the Board. The active involvement of the member companies... and the value given to their inputs has created a new sense of enthusiasm and support for the Foundation. Their sustained financial support and the involvement, together with the continuing guidance of founding members, have been obvious manifestations of commitment to PBSP.⁸

Some of the key contributions of the Founding Group to the development of PBSP were:

- Drafting—with the help of a US consulting and accounting firm—a concept paper on the specific structure the foundation would adopt

- Organizing a series of corporate social responsibility seminars that touched on the issue of funding the new organization
- Arranging an exchange visit between Philippine business leaders involved in the creation of PBSP and a Venezuelan foundation (Dividendo Voluntario para la Comunidad)
- Drafting PBSP's vision and mission
- Organizing the professional staff, agenda and programs of the new foundation

The Involvement of the Economic Development Foundation

Often one institution will provide the impetus to begin an independent grantmaking foundation. This was the case when the EDF took an active role in founding the Philippine Business for Social Progress, although the two remained distinct separate entities. The EDF, under Sixto Roxas' direction, was given the task of organizing a professional staff. In the initial stages, EDF seconded some of its staff to PBSP.

Roxas also drafted the original statements of vision and mission, which were then adopted by a Steering Committee composed of a core group of founding members. Within one year, PBSP had successfully put together its staff.

The Role of the Steering Committee

According to the former executive director of PBSP: "The actual work of assembling the membership, developing the social development approach, setting the agenda and programs, and recruiting the professional staff were in the hands of a steering committee: Jose Soriano, Washington SyCip, Sixto Roxas III and Howard Dee."⁹ PBSP's business founders, steering committee and first staff members were responsible for working out the basic concept for PBSP.

Adapting a Success Story to a Local Context: The Role of the Dividendo Voluntario para la Comunidad

Jose Soriano was elected PBSP's first chairman. Following its founding in December 1970, PBSP hosted a series of corporate social responsibility seminars where the issue of funding and sustaining the new organization was raised. Luzio Mazzei, a Venezuelan, and President of Shell Philippines at that time, introduced an idea that had been attempted in Venezuela by Dividendo Voluntario Para la Comunidad, which was started by Venezuelan industrialists in 1963. Dividendo members contributed one percent of their before-tax income for the organization's operations. Mazzei arranged for a group of Philippine business leaders to visit Venezuela and the Executive Director of Dividendo was invited to Manila to share information.

The organization proposed by the Philippine business leaders was called Philippine Business for Social Progress. From the example provided by Dividendo, PBSP's founders took the concept that member companies should pledge one percent of

their net income before taxes for social development work: 60 percent would be given to the Foundation and the rest would be retained by the corporation for its social development activities. PBSP, unlike Dividendo, would also implement its own programs.

With the tremendous commitment of PBSP's founders, membership increased from 50 to 137 corporations in the first year alone. PBSP currently has over 170 members.

Example 3

A Coalition for the Environment

Foundation for the Philippine Environment (FPE)

Who Founded FPE?

FPE was formally established in 1992 by a collaborative effort of the United States and Philippine Governments; coalitions of nonprofit organizations in the Philippines; the Philippine Development Forum (PDF), a Washington-based lobbying group; the World Wildlife Fund (WWF) and the Philippine Business for Social Progress to confront the issue of environmental degradation. The Foundation was endowed through an innovative debt swap mechanism that created an endowment for conservation activities.

FPE was the product of many years' experience in the area of debt-for-nature-swap-financed environmental programs, including a \$2 million swap in 1988 between the Department of Environment and Natural Resources in the Philippines, the Haribon Foundation and the World Wildlife Fund. Evaluation of the program led actors to recognize the need for a sustainable funding base for Philippine natural resource protection.

The founding group for FPE included:

Individuals:¹⁰

Corazón "Dinky" Soliman, considered one of the original community organizers in the Philippines, had two decades of experience in grassroots organizing and community development. She had previously served as coordinator and board member for two organizations concerned with agrarian reform.

Sixto "Ting" Roxas III, an economist and a teacher, as well as a business leader in the area of corporate social responsibility. He is considered a conceptualizer of the PBSP. A former president of the Asian Institute of Management, he combined management skills from many years in the private sector with knowledge and experience in community work.

Eugenio "Eugene" Gonzales, a well-known NGO activist who helped create the Caucus of Development (CODE-NGO), a coalition of NGO networks with over 3,000 member organizations. Maximo "Junie" Kalaw, pioneer of the Philippine environmental movement and founding member and president of the first NGO involved in environmental activities - the Haribon Foundation.

Collaborating Organizations:

United States Agency for International Development (USAID), which provided initial funding for the establishment of FPE through a cooperative agreement with the WWF.

The Government of the Philippines, particularly the Department of Environment and Natural Resources (DENR). The FPE was a component of the Natural Resources Management Program initiated and implemented by the DENR.

WWF, the largest private environmental organization in the USA which was engaged as a key actor in the establishment of FPE due to its experience in the first Philippine Debt for Nature Swap Program (1988), and its long history of conservation efforts in the Philippines.

PBSP, as the local NGO commissioned by WWF to be its partner in the establishment of FPE, primarily because of its 23 years of experience in foundation management, project and program management and grants administration. The PBSP is essentially known as a social development organization and not an environmental NGO, though its programs include environmental and sustainable development concerns as integral dimensions.¹¹

The Role of Philippine Non-governmental Organizations

There were many Philippine NGOs involved in the creation of FPE, including representatives from some of the largest environment and development NGO networks and coalitions. The effort dates back to November 1989, when a group of ten Filipino NGO representatives participated in an "environment train" traveling from San Francisco to Washington, DC. The group was funded by the Ford Foundation and Gateway Pacific. After the tour, the group was invited to be the non-governmental counterpart in an official mission headed by President Corazón Aquino to seek development assistance from the US government and to comment on the Philippine Assistance Plan.

In Washington, they met with the PDF, a US-based organization working on human rights and the issue of US military bases in the Philippines that was lobbying the US Congress for increased foreign aid to the Philippines. PDF agreed to work with them as an overseas arm of a Filipino campaign advocating to increase overseas development assistance, especially on environmental issues.

When the Filipinos returned home, they started Green Forum Philippines, an umbrella organization for environmental NGOs. Green Forum was to be the link to PDF in Washington. Maximo Kalaw, a participant in the environment train, asked contacts in Washington to ensure that US development assistance for that year would be allocated for use by NGOs in the Philippines working in environmental protection.

Some of the contributions of Philippine NGOs to the founding of FPE were:

- Lobbying the US Congress for increased development assistance to the Philippines, including assistance for environmental issues
- Creation of an umbrella organization of environmental NGOs in the Philippines, focused on advocacy issues

The Role of the Philippine Government

The Philippines' government participated in two key ways:

- Supporting the creation of FPE
- Facilitating the funding of FPE through a debt swap mechanism that created an endowment for conservation activities

This participation grew out of the government's response to environmental issues. Its Philippine Strategy for Sustainable Development recognized a fundamental link between economic development and environmental protection. The strategy argued that poverty promotes misuse of the environment and, therefore, economic growth is a key element in stopping environmental degradation. In addition, environmental protection is vital to sustaining the benefits of economic growth.

In the creation of FPE, the Philippine government saw a way to avert the discontinuity of public sector environmental programs, while providing at the same time a funding mechanism to support NGO activities in environmental conservation. The Secretary of the DENR sat as one of nine members of FPE's Interim Board. FPE would be endowed through a debt-swap mechanism, with the Philippine government having the right to monitor its progress. The government, together with USAID, had to approve the assignment of endowment funds to FPE, as well as any potential dissolution of the endowment.

The Role of the US Government

The US government's main contributions to the founding of FPE were political and financial support. It was a key actor through USAID and became involved in the context of two significant circumstances:

- The change in the Philippine political climate in 1986, when the People's Power Revolution ousted the regime of Ferdinand Marcos and inaugurated a democratic regime under President Corazón Aquino. This increased US interest in the Philippines.
- The convening of the United Nations Conference on Environment and Development in 1992, which highlighted environmental issues in the agenda of donors, inter-governmental bodies and NGOs.²

As former USAID official Delbert McCluskey explained: "USAID perceived the political context as being very appropriate, [that is] 'ripe' for an NGO organization like the FPE. Establishing the FPE was taking advantage of the tremendous growth in NGOs and interest in the environment."¹³

In 1988, at the pledging session of the Multilateral Aid Initiative for the Philippine Assistance Program in Tokyo,¹⁴ the US government proposed a funding initiative which later became the Natural Resources Management Program (NRMP). In 1990, the US Congress signed into law the Foreign Assistance Act, under which the NRMP emerged as a focus of USAID. In September 1990, an agreement was signed formalizing the commitment of the US government to support the Philippines NRMP with a contribution of US\$125 million. Of this amount, US\$25 million was earmarked for a Resources Protection Component that would support

local activities in the management and protection of renewable natural resources in the Philippines. From this amount, the agreement committed US\$6.3 million to establishing the FPE.

USAID saw the creation of FPE as an opportunity to pioneer a new area in development aid that incorporated NGO participation and substantial support for the environment. It also aimed to position itself as a strategic donor in the country, as well as a supporter of President Corazón Aquino's new democracy. Delfin Ganapin, Undersecretary of the DENR, said:

[The US government officials] want to show that they are supportive of the new overnment...and USAID wants to be seen as an organization that pushes the democratic ideals and processes along...the US also wants to be one of the major players in the environment...¹⁵

Section 2 **Building Commitment and Resources**

The following section examines how founders of foundations built commitment among key constituencies and developed plans to raise financial and other resources for their initiatives.

- | | |
|-----------|---|
| Example 1 | A Feasibility Study
<i>Puerto Rico Community Foundation</i> |
| Example 2 | Outreach, Study Tours and Workshops
<i>Foundation for the Philippine Environment</i> |
| Example 3 | Consultation, Exchange Visits, Steering Committee
<i>Foundation for the Western Region of Zimbabwe</i> |

Who Should Be Consulted? Why?

The foundations highlighted in this chapter were started by a diverse set of individuals and institutions and were designed to serve the needs of a variety of "clients." They were developed to serve local communities in need of resources and also aimed to serve the needs of national and international donors desiring to maximize the impact of their contributions. To act as an efficient bridge between diverse constituencies, the founders of these institutions, and many other Southern foundations highlighted in this Sourcebook, carried out a process of consultations to clarify two important questions:

- Who will support the foundation politically, technically and financially?
- Who will benefit from the foundation?

The foundations discussed in this chapter all attempted to reach out to both potential supporters and beneficiaries. Consultancies for with these stakeholders during their periods of formation helped them to identify and define the roles their foundations would play, and how they could be best organized and governed. Such a consultation process also helps to identify where the foundation will get its resources (financial, material and human). Specifically, consultation has helped to:

- Determine the viability of the foundation
- Define its role and scope
- Identify leadership
- Define objectives, strategies and activities
- Define the structure it will adopt and clarify governance issues
- Stimulate interest among public and private actors

- Exchange information with well-established foundations/network with other relevant actors

Foundations usually consult with a variety of individuals and groups in the early stages including:

- Affluent citizens
- Key local organizations (other foundations, major nonprofits, business groups, etc.)
- Universities and leading academics
- Legal and accounting professionals
- Political leaders
- Influential community representatives of the geographic and demographic population the foundation will serve

How Is Consultation Facilitated?

Commitment to a new institution is built primarily through personal contacts. Founders in these cases spoke with a significant number of people within their own personal and professional networks. In all of the cases, however, they saw a need to broaden their existing networks in order to build adequate support to establish the foundation. Some of the ways in which they did this were:

- Feasibility studies to explore the viability of the venture. These studies can point out areas of potential conflict that might threaten the consolidation of the new initiative, such as whether other NGOs believe the new foundation to be in conflict with their own fundraising efforts. They can also identify whether the private sector would commit to the idea, and whether the legal environment is conducive to the enterprise.
- Study tours to learn about foundations and philanthropy in other places. These can take the form of exchange visits to other foundations in the country, region or overseas. These visits allow foundation-builders to benefit from the experience of established institutions, to exchange information and to learn from their peers.
- Workshops to build understanding of and agreement about the elements involved in establishing foundations (i.e. defining a mission, role, organizational structure and resources) and to exchange ideas among those involved. Participants can include founding members, representatives from other foundations and nonprofit organizations (local and/or international), government agencies, businesses, community leaders and wealthy individuals.
- Concept papers, also called “position papers” or “needs statements,” are descriptive pieces about the foundation, its purpose and role. These papers help to communicate the idea of the new institution and may lead the way to a stronger consensus about the grantmaking foundation. Concept papers can be shared with both potential beneficiaries of the foundation's eventual grants and to potential supporters. Founders will often solicit feedback on the concept paper in an attempt to perfect the idea and to arrive at the best way the communicate the idea to different constituencies.

Summary Points

Consultative processes can build your program, build legitimacy and build trust in your foundation. Consultations are a way to learn from other individuals or institutions, discuss ideas critical to the foundation-building effort, share experience and skills, explore the viability of the initiative, communicate the idea to potential supporters, build consensus around the initiative, and guarantee the credibility and transparency of the whole process.

Consultative processes are unique and respond to the specific needs of each foundation. Consulting can take place through different approaches (disseminating concept papers, study tours, feasibility studies, workshops) depending on the objectives of the foundation. The process of consultation can be short or lengthy. For example, founders of the Foundation for the Philippine Environment (FPE)'s founders held meetings with over 600 stakeholders, a study tour to the United States and a major two-day workshop on governance and grantmaking.

Opportunities for learning and exchange among foundations help gain access to new ideas and create bridges to other institutions. The exchange of ideas and experience among grantmaking foundations helps create productive relationships and promotes the transfer of skills. In the case provided by the Community Foundation for the Western Region of Zimbabwe (WRF), there were visits organized in 1994 and 1996 to fourteen US organizations in addition to one foundation in Mozambique and one in South Africa. These visits were instrumental in helping WRF's founding members design the structure of the new foundation.

Involving the intended beneficiaries helps build trust and ownership. Consulting with the beneficiaries helps build trust and create a sense of ownership among those who will be directly affected by the work of the foundation. Consultations also provide intended beneficiaries a way to express their interest in the initiative as well as their expectations. In Zimbabwe, the founders of WRF actively sought the input of people at the community level resulting in a foundation that deeply reflected the community's needs.

Example 1

A Feasibility Study

Puerto Rico Community Foundation

Why Conduct a Feasibility Study?

The National Puerto Rican Coalition received a US\$30,000 grant from the Ford Foundation to conduct a two-year feasibility study starting in the end of 1983. The study was designed to explore whether a new community foundation mechanism could be devised to significantly increase support from both US foundations and corporations operating on the island for community projects in Puerto Rico. The study attempted to answer four questions:

- Is there a sufficient population to be served by the foundation?

- Are there enough sources of wealth, "excess capital," to insure the long-term survival and success of the foundation?
- Is there a strong, deep sense of community cohesion, a "community spirit" that could be built upon?
- Are there community leaders, "movers and shakers," sufficiently motivated to carry out the difficult task of organizing, funding and sustaining the foundation?

How the Study Was Conducted

A leading Puerto Rican consultant, Alex W. Maldonado, was asked to undertake the study because of his extensive experience as a publisher, public relations executive and journalist. The consultant interviewed a total of 34 locally respected individuals from the following backgrounds:

Consultations	Number¹⁶
Pharmaceutical Company Executives	5
Community and nonprofit Leaders	5
US Foundation Representatives	4
Bankers	3
Educators	3
Government Officials	3
Chemical Company Executives	2
Accountants	2
Corporate Lawyers	2
Manufacturers Association Representatives	2
Finance Broker	1
Chamber of Commerce Staff	1
United Way Fund Staff	1
Total	34

The interviews reached both community leaders and institutions including the largest commercial bank on the island, leading private conglomerates, law firms, and senior former government officials knowledgeable about US-Puerto Rico corporate tax issues.

Interviews were structured in three parts:

- Defining the concept of a community foundation, according to its knowledge and understanding
- Describing the firm or institution's policy towards community giving, its record in recent years and its plans for the future
- Providing comments and feedback on the idea of establishing a community foundation for Puerto Rico¹⁷

The purpose of the survey was to get responses from potential stakeholders, favorable as well as unfavorable, not to "promote" the project.¹⁸ Many interviewees

expressed a willingness to support a community foundation like the one described, financially or by volunteering their services once it was established. For example, Sun Oil offered a \$5-10,000 grant to help finance the feasibility study, and a vice president of the Bristol-Myers Squibb company volunteered his assistance.

Results of the Study

The study identified and ideas about how to translate conceptual support for the idea of a community foundation into concrete financial support. To some, this support would depend on a series of factors:

- Support of a respected, known institution (like the Ford Foundation)
- The inclusion of business leaders with a solid reputation on the board
- The selection of professional staff—particularly the president or director—who are well-known and respected in the business community
- A focus on problems in areas that interest business leaders¹⁹

The consultant also interviewed several people on the US mainland, including corporate executives of firms with subsidiaries in Puerto Rico and top officials of foundations (Carnegie Corporation and Rockefeller Foundations). These organizations would later provide financial and programmatic support for PRCF. The study not only demonstrated the feasibility of establishing a foundation, but it helped to familiarize people with the concept.

The findings and recommendations of the feasibility study [condensed] were:

Summary of the Findings:

- The response of community leaders is positive; in most cases, it is enthusiastic
- Almost all interviewees answered that there is a need for a community foundation
- The PRCF not only would fill a philanthropy "gap" in Puerto Rico, but it had the potential of becoming a major catalyst to marshal the interests, energies and resources of the private sector
- Most corporate leaders responded that they would increase their participation in community projects if the PRCF succeeds in attracting US foundation funding and is staffed by known and respected professionals
- There are no legal impediments to organizing a community foundation in Puerto Rico
- There would be no difficulty in recruiting top community leaders for the foundation board of directors
- Many of those interviewed underscored the need to structure and maintain the PRCF totally divorced from island partisan politics
- The PRCF would not compete with the Puerto Rican United Way Fund
- The timing is good because corporations would welcome a catalyst and an instrument to "do more" in Puerto Rico. There is a growing consensus that the island needs to break the syndrome that only government can do things. Several new entities have been created recently by the private sector to increase its role in community affairs, and two private Puerto Rican foundations are in the process of significantly increasing their grant giving

Summary of Recommendations:

- The National Puerto Rican Coalition and the Ford Foundation should proceed with their initiative to create a Puerto Rico Community Foundation
- A seven-member core group should be organized to set in motion a four-step plan to establish the foundation, each step contingent on the success of the preceding step
- The goal should be to have the PRCF operational by July 1984. The following timetable is suggested:

February:	Core group formed
March:	Meeting of the organizing committee with the top leadership of national foundations
April:	PRCF formally established; board organized; beginning of public relations campaign
May-June:	Matching funds committed by the private sector
July:	PRCF begins operations

- The PRCF should be organized and operate under the laws of Puerto Rico and receive both federal and commonwealth tax exemption.²⁰

The feasibility study also served to identify and recruit the most enthusiastic of the Puerto Ricans interviewed to become part of the core or founding team. These new members included:

- the President of the largest Puerto Rican bank
- a former Secretary of the Treasury of Puerto Rico
- the President of a real estate conglomerate
- the Vice-President for public relations of a pharmaceutical company
- a partner of Price Waterhouse, an international accounting firm, in Puerto Rico
- prominent lawyers
- a university professor

Example 2 Outreach, Study Tours and Workshops
Foundation for the Philippine Environment

Why the Founders Need to Consult

The Foundation for the Philippine Environment (FPE) was the result of extensive negotiations that began in 1989 among the US Government, the Government of the Philippines, coalitions of Philippine NGOs, a lobbying effort based in Washington, DC, and the World Wildlife Fund (a US nonprofit organization). Philippine NGOs played a central role, and they were involved as early as the conceptualization stage of the foundation. Representatives from among the largest environmental and development NGO networks and coalitions, namely, the Green Forum, CODE-NGO, Philippine Federation for Environmental Concerns (PFEC) and Philippine Ecological Network (PEN) and environmental and NGO leaders were involved in discussions with Philippines mission of the US Agency for International Development (USAID) regarding the creation of the Foundation.

The process of formation of FPE has key differences from that of PRCF (discussed above). FPE's founders had secured a commitment of potential endowment funds for the foundation early in the process, so their primary need was not to identify financial support for the initiative, but to refine the idea and identify the potential beneficiaries. Consultations focused on reaching out to NGOs, with the participation of committed stakeholders (USAID and the Philippine government).

Between 1990 and 1992, consultations involved about 600 people. Given the wide range of stakeholders involved in the creation of FPE, the consultative process aimed at establishing credibility and building a consensus. Negotiations, broad-based consultations, and the participation of stakeholders were perceived as necessary in order to establish trust and transparency.

In setting up FPE, founders conceived of a "three phase" process of learning and consultation:

- Phase 1 - Outreach and consultation
- Phase 2 - Study tour on philanthropy
- Phase 3 - Governance and grantmaking workshop

First Phase: Outreach and Consultation

In September 1991, FPE's nine-member Interim Board was formed. The Board included a representative from the Department of Environment and Natural Resources of the Philippines, USAID (non-voting), leaders from universities, churches and the ranks of NGO coalitions and networks. The group tabled the selection of a chairperson until it could hold consultations with a broad cross-section of the NGO community. The Board rotated the task of moderating committee meetings among its members. The Interim Board had three main tasks:

- Preparing the articles of incorporation and by-laws of the foundation, a task that was entrusted to a local environmental lawyer. Throughout its monthly meetings, the members of the Interim Board provided guidance and inputs into the crafting of these documents. The

draft was then presented in a series of regional meetings with non-governmental and people's organizations (POs). After completion of the articles of incorporation and by-laws, the FPE was formally registered in January 1992

- Developing a process for selecting the regular Board of Trustees
- Administering the Interim Grants Program, which was to provide an immediate source of funds to the Philippine NGO and PO community during FPE's first year of operations²¹

Once it took office, the Interim Board initiated an extensive process of outreach and consultation aimed at explaining the FPE concept to various NGOs and institutions at the national level. Four objectives guided work in this phase:

- Introducing FPE nationwide
- Discussing initial ideas of policies, programs and project criteria
- Eliciting suggestions on the draft articles of incorporation and by-laws
- Presenting an overview of the mechanism to be used to create an endowment fund for FPE—the debt-for-nature swap²²

The strategy developed to implement this outreach phase involved a series of meetings with key representatives from major NGO coalitions and networks, through the organization of consultation workshops in various parts of the country, which drew the participation of 512 individuals representing 334 NGOs and 24 academic institutions. Representatives from the Philippine Department of Environment and Natural Resources (DENR), the Philippines Department of Finance and USAID were also present.

Second Phase: Study Tour on Philanthropy

The second phase in the consultative process involved a study tour on philanthropy to the United States, funded by the Ford Foundation, which took place between February and March 1992. The participants to the US study tour included one representative from each of the following institutions:

- the World Wildlife Fund
- the Department of the Environment and Natural Resources
- the Council for People's Development
- the Philippine Business for Social Progress
- the Foundation for Community Organization and Management Technology
- the Bishop-Businessmen's Conference on Ecology²³

The study tour had two main objectives:

- To expose the Interim Board to organizations concerned with foundation governance and the process of grants management with whom they could exchange information and from whom they could learn
- To identify organizational models and governance structures for FPE that would best respond to the Philippine NGO constituency. The underlying aim was to avoid potential conflict of interest with the Board of Trustees, a body dominated by NGOs that would be potential recipients of FPE funds, and reduce FPE's susceptibility to political pressure²⁴

The representative of the Ford Foundation for the Philippines—an adviser in the process of setting up FPE—hoped participants in the tour would learn about various approaches to governance that could help FPE in its role as a grantmaking foundation:

I was particularly concerned about the governance structure that had been originally drafted which followed a membership concept. Under that structure, the idea was that some set of NGOs would be members and they would represent the "general assembly" which would elect board members each year. My concerns were that this would lead to a highly politicized institution. Anyone in a foundation knows that one of the hard parts of the job is saying no, yet that is what you have to do a lot if you want to fund quality programs and have any hope of being reasonably strategic. So a decision-maker needs to be somewhat insulated from direct political pressure from folks that are unhappy because you said no.²⁵

During the study tour, organizations visited included:

<i>Washington</i>	World Wildlife Fund, Philippine Development Forum, and USAID
<i>Chicago</i>	the John D. and Catherine T. MacArthur Foundation, The Joyce Foundation, and the Chicago Community Trust
<i>New York</i>	the Ford Foundation, the Rockefeller Foundation, The Synergos Institute, New York Community Trust, Rockefeller Brothers Fund, National Charities Information Bureau, New York Regional Association of Grantmakers, the Foundation Center, Consultative Group for Biological Diversity, and the Center for the Study of Philanthrop. ²⁶

Based on information acquired throughout the study tour, participants to the tour were able to draft a report that discussed:

- program priorities and selection criteria
- scope of assistance
- policy guidelines
- mechanisms and organizational structures that would minimize conflicts of interest with the Board of Trustees

Third Phase: Governance and Grantmaking Workshop

A final step consisted of a two-day workshop on governance and grant making in May 1992. Participants included 35 representatives of environmental NGOs from all over the country, academics, the Ford Foundation, the Asia Foundation, United Nations Development Programme, the Department of Finance and the Central Bank. Through dialogue and consultation, this workshop sought to:

- flesh out the Interim Grants Program formulated by the Interim Board
- discuss the role of the Interim Board
- design and adopt a viable model for governance
- define the process for setting up a regular Board of Trustees

- share information and learning from the outreach process, including the study tour on philanthropy

The potentially lengthy consultation process that founders can undertake in creating a foundation is illustrated in this five-year timetable of the founding activities of FPE [here condensed]:

Timetable of Activities

1989	November	•Meetings in Washington
1990	September	•Negotiations begin between Philippine Government, NGOs, USAID
1991	April	•Signing of cooperative agreement between World Wildlife Fund and USAID for technical assistance to FPE
	September	•Creation of first FPE Interim Board •Start of interim grants program
	Oct.-Dec	•Regional consultations (8) introducing FPE to NGO community nationwide
1992	Feb-Mar	•Study tour on philanthropy in US
	May	• Workshop on governance and grantmaking •Election of first regular members of board
	June	•Formal registration of FPE with Securities & Exchange Commission
1993	July	•First regular Board of Trustees takes office
	December	•Interim grants period ends
1994	January	•Turnover by technical assistance team to FPE •Start of regular period ²⁷

Example 3

Consultation, Exchange Visits, Steering Committee
Community Foundation for the Western Region of Zimbabwe

The Need for Financing for Community Initiatives

By 1990, the Organisation of Rural Associations for Progress (ORAP), a grassroots movement, had been working for a decade with rural communities in three provinces of Zimbabwe to solve problems by strengthening grassroots action. ORAP had assisted communities in constructing wells, dams and crèches, organizing community savings and credit programs, and had provided drought relief and technical support to agricultural improvement projects and micro-enterprises. ORAP found that, although these initiatives were having a positive impact in the lives of poor Zimbabweans, they lacked the financing they would need to affect sustained change and economic progress.

While exploring ways of creating such a financial base, ORAP and community members saw the possibility of using and expanding a collective savings tradition of Zimbabwean communities called *qogelela*. Many people became enthused about the idea of establishing some sort of financial institution that could build on this rural tradition and, at the same time, manage and raise new resources. Because of its

experience with similar efforts in other countries, ORAP asked The Synergos Institute to work with it in this effort.

The resulting consultations, which led to the formation of the WRF took place over five years, from 1993 to 1998 (when the foundation was launched). Through this process ORAP attempted to clarify and achieve consensus among the different stakeholders involved in the initiative (ORAP, national and regional NGOs and the communities) about the role the foundation would play and how it could be best governed and structured.

Community Consultations

ORAP consulted broadly with people at the community level to discuss issues critical to building an organization that would become a sustainable resource. Consultations involved the participation of people in the communities, ORAP staff, and Synergos staff. They were a key instrument in defining what the foundation would look like, what it would do and to whom it would belong.

Consultations were undertaken by ORAP staff members and mobilizers. These mobilizers—volunteers responsible for assisting communities to mobilize themselves around solving local problems—traveled to villages and met with groups of people under trees and in community halls to discuss the idea and build support for it. As a result, over 40,000 community members contributed—through the use of the *qoqeleta*—the equivalent of about US\$6,000 as seed capital for the foundation's endowment. Communities hoped their savings would be matched by contributions from other donors to build an endowment to support development in the region.

Consultations increased awareness about the foundation, especially at the village level, collected funds and created a broad sense of ownership.

Exchange Visits

Exchange visits were a key part of the learning process. The concept of a grantmaking foundation was a relatively new one in Zimbabwe and community foundations were virtually unknown. ORAP wanted to take from the best ideas and practices of foundations in other countries and create a Zimbabwean amalgam that would be appropriate to its context and build on local traditional practices.

Objectives and the itinerary for the exchange visits were prepared in advance by ORAP and the Synergos Institute, which organized the trips. ORAP chose a mix of staff and community members to participate in each visit.

Exchange visit to the US: In August and September of 1994, three ORAP staff and three community mobilizers traveled to West Virginia, Kentucky, Tennessee and New York. Synergos staff also participated in the visits. The visitors met with organizations and individuals involved in a range of nonprofit financing initiatives in the US rural South. Visitors learned about diverse and innovative experiences in fundraising for community groups and nonprofit organizations and explored ways

in which US organizations developed fundraising and nonprofit activities. They visited:

- A local newspaper
- A state economic development office
- A community development corporation
- A community investment company
- A nonprofit economic development organization
- A microenterprise and craft support NGO
- A community foundation
- A community investment company
- A grassroots development research center
- A community development corporation
- A religious organization
- A regional community fund²⁸

In each of these organizations, they tried to get a sense of the best structure to fit their needs at home. The Zimbabweans found that they shared a lot of the same challenges and issues as their colleagues in the Appalachia region and this facilitated their learning. They were particularly interested in what they learned at the community foundations they visited. Here was a type of organization founded on community values and with the capacity to serve the interest of both philanthropists and beneficiaries in the community. They discovered that several of the organizations had begun by mobilizing local resources on the community level like they had in Zimbabwe. This confirmed their belief that donors need not be wealthy but can come from even the poorest segments of the community.

In New York, the group met with the United Nations Development Programme and the Carnegie Corporation of New York (a private foundation).

Upon their return to Zimbabwe, the group shared the experiences and learning resulting from the visits through a workshop with ORAP mobilizers and dozens of community meetings. ORAP's large community Board accepted their proposal to adapt a community foundation model. In addition, the idea that contributors to *gogelela* would be the Foundation's first donors and have a seat on its board was also widely accepted.

Mozambique and South Africa Exchange Visit: Having a better idea now of what sort of an organization it wanted to found, ORAP wanted to see examples of how other foundations in Africa had been set up and organized themselves. ORAP was ready to begin clarifying issues at home and wanted to write a constitution that would serve as a blueprint for the foundation. Two ORAP staff visited the Foundation for Community Development of Mozambique (FDC) and then joined two mobilizers on a visit to the Kagiso Trust in South Africa in 1996. Before the visit, staff wrote a schema of questions they wanted to explore and answer through the visits:

Grantmaking Criteria

- To whom are grants given?
- In what form are grants given (credit, etc)?
- How is the grant making process carried out?
- How did the institutions visited differ from traditional donors?

Endowment

- How is the endowment being built?
- What is the proportion of local vs. external investment?
- How is the endowment managed?

Formation of the Foundation (for FDC)

- Why was a foundation established rather than a trust?
- What is the governance structure of the foundation?

Relations with the Government

- How do FDC and Kagiso relate to their respective governments?
- What are the legal issues around their work?

Fundraising

- What financing sources are being developed and exploited?
- How do the restrictions made by their donors affect the funding to their own grantees?

Institutional Development and Communications

- What institutional relations are prioritized by each institution? How are these maintained?
- How is external planning conducted?
- What are the institutional development activities planned for the future?²⁹

At the FDC, for example, visitors met with staff and board members over several days. They discussed a broad range of issues and were particularly interested to learn about how FDC related with its grantees. They questioned FDC's practice of requiring financial and narrative reports from all its grantees. Although FDC staff explained the need for such reporting in order to account for its grant funding, the staff of ORAP felt that their new foundation would need to invest time and energy into developing a grantmaking approach that would be fully accountable in a way that would build on local practices understood by communities (for whom report writing is an imported skill). FDC staff found the idea very interesting and expressed an interest in visiting ORAP to learn more about its approaches to grassroots empowerment (FDC's Executive Director visited ORAP two years later in 1998).

Upon their return to Zimbabwe, the four ORAP members that had participated in the exchange wrote a trip report that specified key needs learned from the visit. Some of these lessons were:

- To separate ORAP's endowment from the endowment of the WRF
- To set up WRF as an institution independent from ORAP
- To include organizations and individuals with solid reputations and qualifications in the Steering Committee
- To discuss and clarify among the members of the Steering Committee the legal steps necessary for creating the Foundation
- To define programmatic objectives and grantmaking criteria
- To create a "working committee" that would engage in domestic fundraising³⁰

The Role of a Steering Committee

In 1996, ORAP reached a consensus within its staff and community members about the role ORAP should play in establishing the community foundation. ORAP's involvement would allow the foundation to benefit from its twenty-year experience working with communities in the region. They were concerned, however, that others might suspect that the new foundation was intended to serve ORAP interests, which was not the intention of the community contributors. Building an independent, volunteer steering committee, on which ORAP served as an equal member, was one way of overcoming this problem. Steering committees are a common practice in setting up new foundations. Members of the committee often become part of the board.

ORAP had actually set up two previous steering committees that had not succeeded. It felt that it had learned several important lessons from these experiences—including the need to ensure that steering committee members share a common value or objective and that they understand that they are chosen because of their willingness to contribute toward the effort. As such ORAP began a careful recruitment process. It started by writing a strategy for assembling a steering committee, which had six components [condensed]:

Objective: Assemble a steering committee (whose members can become part of the initial board of governors) to put in place the Foundation, working closely with ORAP and using the constitution agreed upon with the founding communities.

Strategy: Scout for potential steering committee members through meetings with influential social and economic leaders in Western Zimbabwe. Develop appropriate materials. Maintain a list of potential members, their other involvement, any character issues. Set up and prepare meetings.

Time frame: [assigns deadlines for the following] Working steering committee formed; initial Board of Governors appointed; process to identify Executive Director begun.

Functions of steering committee: Define start-up needs; scout and contract Executive Director; raise funds locally and internationally for operations and endowment; identify potential members of Board of Governors.

Composition: The steering committee will be composed of at least nine and no more than eleven members. Steering committee members should clearly share the values expressed in the constitution of the Foundation.³¹

ORAP articulated the characteristics of its ideal steering committee member and then sought out individuals who had:

- Access to funding resources
- Innovative ideas
- Ability and willingness to work hard
- Commitment to the idea of community self-help development
- Willingness to raise money
- Willingness to contribute money (in amounts relative to their personal circumstances)
- Credibility and high personal ethics³²

In addition to these characteristics that elucidated a set of common values, they also sought individuals who would bring skills from each of the following backgrounds:

- Banking
- Political
- Legal
- NGO
- Accounting/Finance
- Management
- Civic³³

Members of the steering committee of WRF were identified through meetings with influential social and economic leaders in western Zimbabwe, who were then invited to join. Below is a list of the occupations of the Steering Committee members, with the areas of expertise/sectoral background for which they were chosen in brackets. In the end, ORAP failed only in getting banking experience on to the committee, although, a bank executive had accepted but did not show up for meetings:

- A director of a skills training organization [NGO]
- The head of a major regional water project [management]
- Three representatives of communities [civic]
- The head of a rural district management company [accounting/finance]
- The training officer of a large agro-foods conglomerate [management]
- The fundraiser for the national science University [accounting/finance]
- The executive coordinator of ORAP [NGO]
- A respected regional historian and education specialist [civic]
- A government minister [political]
- A lawyer [legal]³⁴

As each member joined, the role they would play in the following functions of the Steering Committee was identified based on their experience and interests:

- Refining the constitution
- Registering the foundation
- Producing clear terms of reference for the Board of Governors
- Appointing the Board of Governors
- Defining start-up needs
- Selecting and contracting the Executive Director
- Formulating a fundraising strategy to raise funds locally and internationally for operations and endowment³⁵

The staff at ORAP worked with the Steering Committee to set objectives and clarify the timing of the work that needed to be accomplished. The result was the following two-and-half-year plan summarizing major activities for each phase of four broad objectives in the areas of institutional development, endowment growth, programs and networking [here condensed]:

Objectives	Phase 1	Phase 2	Phase 3
	Development & Research 10/96-6/97	Set-up & Resource Generation 7/97-12/97	Grantmaking & Regular Operations 1/99-6/99
Institutional Development	Steering committee begins identifying board Constitution written Case & feasibility study complete Workgroup developing Support	Deed of trust signed First board meeting Director hired Resources for initial operation secured Initial needs defined & site identified	Basic administrative systems in place Fundraising program Institutionalized
Endowment Growth	Potential sources of support identified Proposals & approach for endowment building developed Staff and other resources put in place		Director and board work together to raise endowment fund
Programs	Basic needs assessment conducted	Program development, long-term strategies & planning starts	Official program starts
Networking	Steering committee provides outreach to build support	Board provides assistance in expanding networks	Director & board sponsor national fora to build networks in civil society & participate in regional & international meetings ³⁶

As the needs and purposes of the planned foundation were debated by ORAP and the Steering Committee, they began to flesh out descriptive pieces to communicate their intentions and purpose to others. The concept paper was shared with a broad range of potential funders, businesses and others in Zimbabwe and abroad. The following excerpt from an early concept paper illustrates how the Foundation set the scene and made the case for itself:

Background. Over three million people live in the western provinces of Zimbabwe, Matabeleland North and South, and the Midlands, which are the poorest provinces in the country with 70 percent of their population living on degraded communal lands...

Why a Community Foundation? These communities feel the need for a sustainable source of financing for their initiatives because, after years of strengthening their social organization and capacity to launch action programs and projects, they are eager to tackle a wide range of social and economic development problems and improve local conditions...

How will the Community Foundation Work? The new foundation will mobilize both financial resources and technical assistance for community initiatives by serving as co-financer, broker, and builder of partnerships between communities and the existing development actors in the region.

The foundation will stimulate, identify, and circulate among potential partners ideas for co-financed community partnership initiatives...

In close consultation with other interested groups, the foundation will develop selected ideas for community partnership initiatives into concrete action proposals for co-financing by partners...

The foundation will join communities and their partners in co-financing agreed-upon initiatives and will assess the outcomes of these partnerships...

Who Will Own and Operate the Foundation? The foundation has been established as an independent private trust in Zimbabwe governed by a voluntary Board of Trustees drawn from distinguished citizens and community members throughout the region...

Plans For Establishing the Foundation. The foundation plans to operate with a small staff supported initially by grants from private foundations and multi and bilateral development assistance agencies...³⁷

Section 3 **Choosing Structure and Mission**

The following section explores key decisions that the creators of foundations must make in establishing their organizations.

- | | |
|-----------|--|
| Example 1 | Defining Mission and Objectives
<i>Esquel Ecuador Foundation</i> |
| Example 2 | Institutionalization of a Founder's Vision
<i>Child Relief and You, India</i> |
| Example 3 | Mission, Vision and Roles
<i>Foundation for the Philippine Environment</i> |

What Decisions Need to Be Made about Structure?

Grantmaking foundations share some or most of the following features: they may be nonprofit, non-governmental, tax-exempt, public service, and have an independent governing board. The governing body may represent the interests of its local constituencies (national or regional), sometimes with international representation. Some have permanent endowed funds.

Defining the Institution

Vision statements are used together with the mission statement to express how the world will be different as a result of the foundation's work. An example of a vision statement is given in the example of the Foundation for the Philippine Environment below. The statement often emanates from the vision of the founders or the leadership of a foundation, and usually includes:

- Identification of particular problems looking for long-term solutions
- What the solutions might look like

A vision statement can serve several purposes:

- It is a recruitment and planning tool
- It can be used to attract the top-level leadership needed to assure the foundation's success, and to galvanize the interest of donors and volunteers
- It can be a step towards articulating a mission statement.

Mission statements are formal statements that provide direction for programs and strategies, and communicate the organization's identity and purpose to broader funding and social constituencies. Mission statements of grantmakers generally include information on the following points:

- The social purpose of the foundation
- Its values and identity
- Its function

Missions sometimes incorporate the role envisioned for the foundation as a social and economic catalyst. Missions often communicate:

- What we are
- What we do
- Why we are doing it
- To/with whom (including geographic boundary)
- How we are doing it (thematic definition, process, etc.)

The formulation of a mission statement, however, is not always easily accomplished. Mission statements often seek to go beyond the mere explanation of a foundation, and embody the values for which the foundation stands and the dreams and commitment of the founders. The articulation of the purpose of a foundation is an ongoing and evolving process as founders and their advisors define it and express it in early memos and correspondence, in consultative workshops, in concept papers and feasibility studies, and in founding documents. Mission statements are not static documents, but rather they stand at the core of the decision-making process: mission is the point you always come back to, as a Board of Trustees, a CEO, and a staff person.

Objectives

Objectives are statements of more specific goals that the foundation plans to achieve. These goals can be monitored, quantified, measured, and evaluated. In foundation documents, they might accompany or follow closely upon the mission statement and explain what the foundation plans to do to realize its mission or vision. How this will be done is articulated in proposals and annual plans and through descriptions of program strategies. Objectives are often accompanied by strategies, which are statements of a more operational nature that provide an instrument/way to fulfill the stated objectives of the foundation. Both objectives and strategies are treated further in Chapter 3 of this book.

Note on Registering a Foundation

There is a statutory body in most countries charged with supervising, and, in some cases, stimulating the philanthropic (often called "charitable") sector. In countries where there is not such an entity, founders may find themselves faced with negotiating with their government to find a "space" for their foundations. For information on ways to register a grantmaking foundation, founders may find a council of NGOs in their country or a center for philanthropy in their region (some are listed in the bibliography).

Summary Points

Developing vision, mission and objective statements help define the focus of your organization. In building an organization, having a clear focus is essential. The process of defining a vision, mission and objectives can serve to clarify goals and arrive at a niche for the organization. Supporters of the foundation will want to know that the new organization has a clear idea of what it wants to do and does not duplicate existing efforts.

A participatory process of defining the vision, mission and objectives can serve to disseminate your message and garner broad-based support. Missions play a key communication role: they convey to other groups who the foundation is (identity), what it does (purpose) and why it is doing it (values). By including different actors in the process of definition, founders can gain the buy-in of important local and international actors. For example, The Esquel-Ecuador Foundation (FEE) convened a national workshop in Ecuador to disseminate the idea of the foundation and gain feedback from local actors. FEE also carried out a second workshop with national social development organizations, foundations in Latin America and international organizations and foundations. Both activities served to clarify the role of the foundation and to gain national and international support.

A clear vision and mission can demonstrate the level of institutional consolidation of the organization. Articulating and documenting a clear vision, mission and objectives can demonstrate the maturity of the organization. For example, for the first 10 years of the Child Relief and You organization in India, the vision and mission of the foundation were embodied in its founder, Rippan Kapur, and were not written. Once the organization grew and matured there was a need to write vision, mission and objective statements to institutionalize the organization and show that it was an entity independent of its strong founder.

Example 1

Defining Mission and Objectives *Esquel Ecuador Foundation*

Defining What the Foundation Will Do

The Esquel Ecuador Foundation (FEE) was legally constituted as a nonprofit, non-governmental organization in August 1990. An economic crisis experienced by Ecuador (and other Latin American countries) during the 1980's and the very limited capacity of public policies to alleviate the effects of this crisis on the poor, played a key role in convincing the founding members of FEE that the moment had come for the Ecuadorian private nonprofit sector to engage more strongly in contributing to the solutions of this problem and to national development efforts.

The mission statement developed by the founding members of FEE reflects the beliefs on which they based the creation of the foundation. They felt the public sector's efforts to deal with the economic and social crisis in Ecuador had been misguided and inadequate. Public policies failed to recognize that Ecuador is a heterogeneous society and, thus, excluded diverse sectors - particularly the poorest

groups of the population. In addition, there had been little progress made in consolidating a democratic system, re-established in the early 1980's after ten years of civil and military dictatorship.

Based on those beliefs, the founding group of FEE outlined a mission statement that encompassed four main points:

- FEE is a private, nonprofit legally incorporated entity subject to the laws of Ecuador. (What FEE does)
- The Foundation is free from political, religious or commercial interest, and its activities are based on respect for all creeds and ideologies, on solidarity with the most indigent members of the population and on strengthening the democratic principles which will permit the attainment of social justice within a context of pluralism and tolerance. (What FEE values)
- The Foundation respects the autonomy of the communities and institutions with which it collaborates. Its relation with the State and the organizations providing technical and/or financial cooperation, both national and international, are based on mutual respect, and designed to facilitate efforts in favor of common objectives. (How FEE operates)
- Esquel's principal commitment is to work with impoverished sectors by supporting their social, economic and cultural development, backing their initiatives and promoting their capacity to generate their own development alternatives. (What FEE expects to be)

FEE's objectives have been stated in the by-laws of the foundation. There are one basic and nine specific objectives. The basic objective is broad and more general in its enunciation while the specific objectives provide clear guidelines, are more operational in nature, and are aimed at furthering the achievement of the goal.

Basic Objective

Contribute to the social, economic and cultural development of the neediest segments of the population in Ecuador by supporting creative initiatives and the self-management capacity of the communities.

Specific Objectives:

- Obtain and provide financial support for projects that seek to improve the standard of living of all those populations living in poverty
- Strengthen community organization and encourage the active participation of the least advantaged in the understanding and analysis of their own circumstances, in the formulation of concrete solutions to their problems, and in the definition of projects
- Cooperate with social subjects in the formulation, implementation, monitoring and evaluation of projects
- Continuously evaluate objectively the situations and the social impact produced by projects in order to provide feedback for the development process
- Cooperate in the autonomous development of the scientific, technological, economic, legal and managerial capacities of communities
- Provide advice and technical assistance to social organizations and any other private or public entities that require it, with the expectation that such technology transfer will be assimilated in a critical manner
- Promote the development of the social sciences within a context of support for the cultural expressions of the Ecuadorian population
- Analyze past experiences, design and conduct complementary studies, and hold events and meetings to promote a better understanding of the Ecuadorian reality

- Disseminate the results of research projects implemented, using communication and publication techniques most appropriate for the social groups and institutions targeted³⁸

Esquel has also established a set of eight 'institutional principles' that guide its activities in a fashion coherent with its objectives. These principles encompass respect for laws and individuals; solidarity with the poor; tolerance of all creeds and ideologies; environmental protection; cultural plurality; support for local initiatives; and the generation of institutional and financial mechanisms to mobilize under-used or neglected resources.

Esquel convened a national workshop in 1990 with the aim of communicating its mission and vision, ensuring that these were perceived as valid by many Ecuadorians and enriching them through other perspectives. The workshop was attended by twelve representatives of 12 NGOs and grassroots organizations, three public entities, and individuals concerned with social and economic development.

Participants discussed in depth Esquel's philosophy, policies, strategy, action areas, project formulation and evaluation, and organizational design. The outcome of this workshop, according to Esquel's Director of Development, Boris Cornejo,

...was general agreement that we were well oriented in our mission and vision and that our institutional structure and organizational design were consistent with our work proposals. But more important was the participants' contribution to the Foundation... Due to their experience in working with the neediest sectors of the population, they were in a position to tell us what we should and should not do.³⁹

After gaining support for the foundation's mission at the local level, Esquel also involved strategic international organizations. In mid-1991, Esquel convened a workshop with representatives of national social development organizations, as well as delegates from the Puerto Rico Community Foundation, the Carvajal Foundation (Colombia), the Mexican Foundation for Rural Development, the Center for Development Research and Promotion (DESCO, Perú), the Rockefeller Foundation, the Synergos Institute, Esquel Group Foundation, and the United Nations Development Program (UNDP).⁴⁰

The workshop not only served to communicate Esquel's mission and vision internationally, but also provided Esquel with an opportunity to learn from the experiences of other foundations and institutes on policy and strategy formulation, institutional organization, fund-raising procedures, and endowment-building and management.

To accomplish its objectives, Esquel delineated five key strategies: networking; co-financing community efforts; capacity building; convening of civil society in search of consensus; and promoting social responsibility. Esquel decided to follow these strategies in the belief that they social value to the development process, resulting in the empowerment of individuals and institutions.⁴¹

Example 2

Institutionalization of a Founder's Vision
Child Relief and You (India)

Child Relief and You (CRY), an independent trust created in 1979, was founded by social activist Rippan Kapur to raise and channel support and funds to restore a right to food, shelter, health and education to Indian children.

During its first decade, CRY's purpose was expressed through the values and vision of Rippan Kapur, a few similarly committed friends, colleagues and, eventually staff. Kapur did not articulate this vision into a formal statement. This is not to say that CRY did not have a mission. A mission statement is an expression of an organization's purpose that helps transmit this purpose to staff, board, donors, other organizations and the public at large. CRY achieved these ends through years of close and shared working experiences with its staff and volunteers and a track record growing out of its support for children.

Articulating the Mission

CRY had grown from a one-person organization in 1979 to 231 persons in 1998. As the organization grew and activities diversified, more attention was given to reinforcing institution-building processes. Growth made it increasingly difficult to operate solely on the basis of shared values and spurred the staff to feel the need for a formal articulated statement of mission, objectives, values and guiding principles that would embody the essence of the founder's purpose.

In 1989, a staff team took on the task of articulating a mission statement. Pervin Varma, a member of the team, said that the team sought to translate the organization's action agendas from previous years into statements of mission and objectives. The mission statement, which was refined through the comments of board and staff, emphasizes the organization's role as a facilitator to connect and empower both beneficiaries and donors.

CRY's mission statement was articulated as follows:

To make people responsible for the situation of the deprived Indian child and so motivate them to confront the situation through collective action, thereby giving the child and themselves an opportunity to realize their full potential.⁴²

Four objectives were defined and three strategies presented as the instruments to achieve them:

Objectives:

- To discover people with values committed to applying their knowledge and skills to serve their fellow human beings
- To help such people to translate their ideas into tangible, ongoing projects
- To act as a catalyst in bringing together like-minded individuals whom may join forces to enrich their work and widen their impact
- To develop and harness the "You" element in "Child Relief," by facilitating the contribution of expertise from professionals in all disciplines, as well as contributions of resources however small the amounts, from a wide base of individual and corporate donors

Strategies:

- To create awareness of the problem, involve people, sensitize the giver to the needs and rights of the less privileged
- To suggest ways in which people can participate in the process of change
- To provide comprehensive support to development initiatives in India, with a focus on communities that are socially, economically and politically deprived or disadvantaged⁴³

Example 2

Mission, Vision and Roles

Foundation for the Philippine Environment

The mission of the Foundation for the Philippine Environment (FPE) rose out of the extensive consultation process that characterized its formal establishment in 1992. FPE was established to address the problem of environmental degradation affecting the Philippines. Its creation was the result of consultation among the US Government, the Government of the Philippines, coalitions of Philippine NGOs, a lobbying effort based in Washington D.C. and the World Wildlife Fund. This process of consultation is a core element in the culture of Philippine NGOs, and an instrument to decide NGO practices, policies and organizational initiatives.

In 1991, members of the recently created Interim Board held a preliminary workshop to brainstorm on FPE's development and to generate ideas on how it would make its grants. During this meeting, Board members agreed that the formulation of a mission statement would be linked to the overall consultation process.

In July 1992, the Board of Trustees was established. It created several committees to facilitate its work. A three-year business plan was drafted. Included in the plan were a draft statement on the mission, vision, roles and guiding principles of the new foundation. Until early 1993, the Board, concentrated on processing project proposals submitted for funding and completing administrative aspects of the debt swap mechanism that would provide an endowment to fund conservation activities. The Interim Grants Program period ran from September 1991 to December 1993.

It was only in April 1993, during its fifth regular meeting, that the Board finalized its vision and mission statement during a formal visioning and strategic planning workshop that was attended by all Board members and selected staff. As an outcome of this workshop, a Strategic Plan was adopted, containing:

- A statement of vision and mission
- A statement of values
- A statement of goals, objectives, strategies and activities

The Vision:

FPE envisions an ecologically balanced, clean, and healthy environment with communities living fully and caring responsibly for the environment.

The Mission:

A nonprofit, non-governmental organization, the Foundation for the Philippine Environment (FPE) exists to be an active, self-reliant, sustainable, and innovative catalyst of biological diversity conservation and sustainable development of the communities in critical areas needing protection and conservation.⁴⁴

During its ninth meeting in October 1993, the Board of Trustees suggested an addition to the mission statement:

FPE is committed to provide financial resources needed to strengthen and support non-governmental organizations (NGOs), people's organizations (POs), and communities to enable them to be pro-active and capable agents of biological diversity conservation and sustainable development activities.⁴⁵

To achieve its mission and vision, FPE defined its roles as follows:

- *As a Grantmaker:* FPE is essentially a grantmaking foundation. FPE does not implement projects on its own, but initiates, assists and finances biological diversity conservation and sustainable development efforts. In addition, FPE aims to strengthen the capabilities of local civil society organizations and communities in enhancing biodiversity conservation and sustainable development.
- *As a Fund Facilitator:* FPE will not rely entirely on the income of the endowment fund, but will seek to generate additional financial resources to support projects. It will also provide linkages between project proponents and donors.
- *As a Catalyst for Cooperation:* FPE aims to encourage cooperation among international and local communities, governments, business groups, NGOs and other civil society organizations, towards the development of policies and effective programs for biodiversity conservation and sustainable development.⁴⁶

The Strategic Plan also lists a set of twelve values that guide the foundation's actions. These include: community orientation, equity, stewardship, gender equity, commitment, excellence, integrity, wholeness, simplicity, teamwork, innovativeness and openness.

The document presented the goals and objectives of the foundation for the next five years (1994-1998). The goals included:

1. To initiate, assist, and finance projects that support bio-diversity conservation and sustainable development efforts. FPE will strengthen the capabilities of NGOs, POs, and local communities to be significant agents of bio-diversity conservation through stewardship and responsible management of the natural resources and ecosystems in their environment. (grantmaking)
2. To generate additional financial resources for funding qualifies projects in bio-diversity and sustainable development and to provide financial linkages between project proponents and donors. (Funds facilitation)
3. To encourage international and local cooperation between and among communities, NGOs, POs, business groups, and governments towards the development of policies and effective programs for bio-diversity conservation and sustainable development. (Catalyst for cooperation)

A set of detailed objectives was then defined for each goal:⁴⁷

Goal 1 - Grantmaking: Objectives

- Rehabilitation and stabilization of 50% of 30 environmentally critical sites by 1998 through the combined efforts of the Philippine Government, non-governmental and people's organizations, and donors
- Conservation up to 1998 of biodiversity resources existing as of 1995 in the identified sites

Goal 2 - Funds Facilitation: Objectives

- Financial partnerships with three (3) international donor institutions by 1998.
- Generation of additional funds totaling US\$25 million through various financial mechanisms and leveraging programs by 1998

Goal 3 - Catalyst for Cooperation: Objectives

- Formal collaborative programs among NGOs, key government agencies and business organizations to influence the setting of policies related to biodiversity conservation and sustainable development by 1996

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- ²¹ Salazar, *op cit.*

²² Del Rosario, *op cit.*

²³ Foundation for the Philippine Environment. Documents.

²⁴ Del Rosaria, *op cit.*

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²⁶ Foundation for the Philippine Environment. Documents

²⁷ Del Rosario, *op cit.*

²⁸ The institutions visited included the Lexington Herald-Leader, Kentucky Cabinet for Economic Development, Human/Economic Appalachian Development Corp., Community Ventures Corporation, Center for Economic Options, Appalshop, East Tennessee Foundation, Community Shares, Highlander Center, the Inner City Community Development Corporation, the Commission on Religion in Appalachia and the Appalachian Community Fund.

²⁹ Trip Report on the visit to the Fundação para o Desenvolvimento da Comunidade (FDC) and the Kagiso Trust by ORAP staff members

³⁰ *Ibid.*

³¹ Report on Strategy for Assembling a Steering Committee for the Community Foundation of Western Zimbabwe. Internal document. 1996.

³² *Ibid.*

³³ *Ibid.*

³⁴ Memo from the Synergos Institute to USAID, March 21, 1997.

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2

Governance and Institutional Development

Introduction

To carry out the vision, mission and objectives of the founders, a grantmaking foundation requires a strong institutional structure including a far-sighted and committed governing board and, in many cases, a well-organized and dedicated staff. The source material presented in this chapter addresses issues concerning the governance and institutional development of foundations. In general, foundations in this chapter have attempted to build effective boards and staff, plan strategically for growth and develop good financial management systems. The chapter attempts to mine some of their experiences.

Boards play a key role in directing the affairs of foundations and establishing their policies. These policies vary depending on the mission and goals of the foundation. Many boards form committees in order to oversee different aspects such as finances, grantmaking, planning and endowment management. Boards rely to differing extents on professional staff to take on management tasks.

Even with a well-qualified staff and Board, foundations should have strategic plans that will guide the different players towards the final goal effectively and efficiently. Foundations should also have a comprehensive financial management system that sets the budgets and expense allowances for each fiscal year along with an accurate accounting system so that spending can be monitored transparently.

Section 1

Building a Board

Section 2

Staffing the Foundation

Section 3

Planning for Institutional Development and Developing Budgets and Financial Management Systems

Section 1 **Building A Board**

This section examines issues around recruiting and developing an effective board. The first two examples explore some issues on building a board such as a board that reflects the various donor and beneficiary constituencies of the foundation and a board structure that can enable the foundation to function effectively. The third case discusses articles of a foundation's bylaws that help to define the responsibilities of the board and the contents and logistics of board meetings.

Example 1 *Committees, Regional Advisory Committee*
Foundation for the Philippine Environment

Example 2 *Committees, Regional Boards, Involvement in Annual Planning*
Philippine Business for Social Progress

Example 3 *Board Criteria in a Constitution*
West African Rural Foundation (Senegal)

What Is A Board?

Boards of directors or trustees are almost always required by law to act as the governing structure accountable for the actions and activities of an organization. Depending on how a foundation is registered—trust, foundation, charity or some other form of legal entity—the members of the Board might be referred to as trustees, members or directors.

Board members are guided by bylaws or some set of operating rules that are adopted in accordance with law, usually by the board. Such rules provide for matters such as the election of directors and officers, the conduct of meetings and a committee structure.

Boards discussed in this section play a role in many aspects of ensuring the effective functioning of a foundation. They oversee administration and operation. They strengthen the foundation with the expertise they bring to it, advising it on its initiatives, legal questions, accounting, management and other issues. Board members are emissaries of the foundation and are essential in strengthening and broadening constituencies and securing financial and other resources, while ensuring that the foundation steers a clear course towards its mission.

Who Are the Board Members?

Many Boards are initially formed from the group of founders who have established the foundation and other individuals who get involved at an early stage in its development. Some common factors the three foundations in this section took into account in selecting Board members were:

- Diversity of interests represented (including but not limited to gender, ethnicity, geographic area, political views)
- Access to opportunities to mobilize financial resources
- Involvement of donors and/or potential beneficiaries
- Skills and professional expertise

Often Board members serve as volunteers. They may, however, be reimbursed for their attendance at meetings and other services they render as Board members. From time to time, they may be called upon to perform duties outside of their roles as Board members. When this occurs, it is very useful to have policies on board payment and reimbursement to guard against potential conflicts of interest.

As the context and strategies of a foundation evolve, often boards will seek individuals with new profiles to bring new skills and expertise onto the board. This process is helped by having clear and transparent policies on Board tenure and recruitment. The Board shoulders a responsibility and individuals often feel a strong sense of ownership and commitment to the work they are helping to move forward. It can be very difficult to leave. To clarify these issues, the West Africa Rural Foundation (WARF) has specified in its bylaws that the maximum term for a Trustee is four years.

[What Are the Functions of the Board?](#)

Boards meet at various times of the year as needed and/or as stipulated by the bylaws. The Board makes strategic decisions to guide policies, programs, services and finances of the Foundation. In addition, Boards often:

- Ensure that the mission is carried out through initiatives, programs and services
- Recruit and evaluate staff leadership (Executive Director, President or Chief Executive Officer, for example)
- Ensure the foundation has adequate funds to operate and manage its grantmaking program
- Enhance public standing and image
- Ensure that the foundation is transparent and accountable for what it does
- Recruit and orient new members

Often Board members divide themselves into separate working committees with specific tasks such as planning, endowment management, financial management and grants selection. All three organizations profiled in this section have some sort of board-convened committees that address specific issues that the Board itself is responsible for governing. The types and numbers of committees a Board has depends on its size and the needs of the foundation. Committees allow a selected group of people with specific expertise or interest to tackle a set of related issues. They then voice their suggestions and recommendations to the rest of the Board for endorsement of the action.

The role of Board members can potentially extend to all the foundation's activities. The composition of the Board and the functions of the president (or chairperson) are generally spelled out in the constitution (statutes and/or bylaws). Many foundations include clear definitions of roles of Board and executive staff roles in their documentation, such as in the case of the WARF that specifies the role of its Director in its bylaws.

Summary Points

An interim Board is a useful step in building a permanent Board. The initial two-year phase of development of the Foundation for the Philippine Environment (FPE), under the Interim Board before the establishment of the permanent Board, provided FPE with the opportunity to move up a “learning curve” when the different constituencies had time to acquire a level of comfort in working together. This also allowed for the establishment and continuation of program operations while the permanent Board structure was being decided on.

An initial consultative and exploratory process can lead to the creation of a suitable permanent board structure. The highly consultative process undertaken by the Interim Board of the FPE allowed for the exploration of various board models so that the board would reflect the democratic decision making culture and the involvement of the non-governmental organizations (NGOs) as originally envisioned.

Board committees can ensure the division of functions and proper management of the foundation. Both FPE and the Philippine Business for Social Progress (PBSP) chose to create Board committees, each with different functions—such as finances or regional representation—to efficiently divide the responsibilities of board members. Committees also enable Board members to focus their attention in areas they have expertise in.

Example 1

Committees, Regional Advisory Committee *Foundation for the Philippine Environment*

FPE was founded in January 1992 through the cooperation between environmental and development NGOs in the Philippines and the US and governments of both countries. In creating a board structure for FPE, the Interim Board of Trustees had to consult with the various constituencies involved. They also had to ensure that the original vision that FPE would be wholly owned and managed by the NGO community of the Philippines, as opposed to a Manila-centered NGO, be reflected in the structure of the Board. At the same time, the Board structure had to avoid any potential conflicts between the board members whose organizations are recipients of FPE funds.

The consultative process included eight regional consultations, a national meeting of NGO networks, a study tour on philanthropy to the US and a final workshop in the Philippines. At the final workshop, it was decided that Nominating Committees for each region would be created.

FPE is governed through three distinct structures – the Board of Trustees, Board-convened committees and Regional Advisory Committees. FPE's Executive Director gave this brief description of the governance structure.

[The Board of Trustees] by design operates to maintain maximum accountability and transparency. The eleven members are from various organizations representing different interests, but serve in their personal capacities. The nomination process incorporates a system of checks and balances where an individual can only be elected by the Regional Advisory Committees (RACs) in consultative assemblies. The three RACs – one in each of the three major regions of the country are composed of NGOs and POs from these regions. This process builds the “street credibility” and representation of the Board of Trustees (BOT) in the regions, but avoids politicization of the BOT, which would result if members were elected directly by the RACs.¹

Board of Trustees

FPE's bylaws and articles of incorporation establish the Board of Trustees as the sole policymaking body of the Foundation. The functions of the Board are to:

- Set policies, direction and over-all guidelines
- Monitor fund performance and utilization
- Approve grant program plans
- Approve projects for funding²

The Board includes two seats each for the three regions; one for the government (Philippine Department of Finance); one for an international NGO (currently World Resources Institute) and three at large. Each Board member serves a term of four years. According to a former FPE Executive Director, having a government representative on the Board was necessary “in order to lend credibility to FPE, especially in view of the nature of the endowment. The original US\$25 million is bilateral money, hence, technically, it is awarded to the Philippine government. We needed someone in the government as an assurance of our transparency to all sectors.” The founders also addressed the critical consideration of representation by having three members “at large” with a national reputation and six members from the three regions.³

Although representation on the Board of a foundation by government officials and individuals from other countries is not common, in the case of FPE the nature of the bilateral agreement between two governments (the US and the Philippines) required the participation of the department of finance and an international NGO on the Board.

FPE Board meetings are held quarterly. Venues may be the FPE office, offices of the Trustees based in regions outside of Manila, or offices of project holders.

Foundation staff are responsible for preparing the Board for their meetings. Preparation for the December 1997 meeting, the 27th Regular Board Meeting, included a large loose-leaf notebook of background materials. This “briefing book” consists of 80 pages, including a number of pages that have been prepared as transparencies for use on an overhead projector. The focus of the meeting was to evaluate the 1997 performance of FPE and present its 1998 workplan for Board approval. Here are two transparencies from the book: the functional unit overview of the 1998 plan followed by an outline of the performance goals of the executive office for 1997:

Foundation for the Philippine Environment 1998 Plan of Action

1998 FPR Thrust:

“Strengthen FPE’s commitment to Biodiversity Conservation and Sustainable Development in critical sites.”

Priority Focus:	
Executive Office (EO)	Formalize commitments of DENR and other DONORS to critical sites.
Development Communication Unit (DCU)	Development of information kits on the critical sites
Project Development Unit (PDU)	Monitoring and Evaluation indicators of critical sites
Finance Unit	Setting up guarantee funds in critical sites
Human Resources Development and Administration Unit (HRDA)	Learn and tap communities’/POs’ indigenous knowledge systems for HRD training

Executive Office–1997 Performance Overall goals:

Fund generation and facilitation: To generate additional financial resources locally and internationally for funding qualified projects on environment protection, resource management, biodiversity conservation, and sustainable development.

Networking and linking: To expand linkages and networks with different sectors locally and internationally for environmental advocacy.

Institutional strengthening: To implement efficiently and effectively the directive of the Board of Trustees and ensure timely feedback to them of the developments affecting NGOs/PO [Peoples' Organizations] and partner local communities.

Following the above exhibit, FPR presents specific objectives and activities for each overall goal along with tables of accomplishments. For example, to appraise the Fund generation and facilitation goal, the briefing book provides a Comparative Table of Fund Managers' Performance. The detailed Table's horizontal headings are:

Fund Managers	Date placed	Fund Balance Beg End	% to Total	Year to date (%)	Project yield % (p.a.)	Composite yield
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To appraise the Institutional Strengthening goal, FPE's Institutional Development and Information Resource Unit produced a Year-end Assessment and Planning chart. Its headings are:

Area	Objectives	Targets	Accomplishments	Unaccomplished	Problems/ Limitations	Recommendations
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Regional Advisory Committees

FPE's Board formed Regional Advisory Committees (RACs), autonomous local bodies comprised of NGOs in the three major island regions in the Philippines (Luzon, Visayas and Mindanao). The members of the RACs are nominated by the Regional Consultative Councils (RCCs), informal bodies that are convened occasionally as the need arises. The Board members, in turn, elect from among proposed nominees according to the vacated category, such as a regional NGO/PO representative on the Board or an "at large" member.

The functions of the RACs are to:

- Provide advice and assistance responsive to regional needs
- Nominate candidates for the Board of Trustees
- Approve all amendments to FPE's constitution and bylaws by a two-thirds majority⁴

One researcher describes the role of the RACs in the delicate balance of regional versus central representation:

The formation of the RACs by the Board provided an opportunity for the FPE to explain the mission, vision and values of the foundation and to disseminate this and other relevant information to regional and provincial NGO constituencies. The RACs provide an alternative mechanism to a Manila-centered, representative-based foundation and form a crucial element in the FPE's governance. The councils lend a national character to FPE and respond to the original founding members concern for the foundation to be sensitive to local community needs and requirements...⁵

Board Committees

FPE's Board decided to create Committees that would oversee specific policy issues that may arise between the quarterly held Board meetings. These Committees are the third component of governance. Two types of committees were created in July 1992 – the Executive Committee and the three Advisory Committees. The Executive Committee recommends action to the Board on general administration, as well as policy reforms and program and administrative measures for more effective program delivery and implementation. The Advisory Committees are:

- **Finance and Administrative Committee:** formulates and recommends to the Board short- and long-term plans and financial projections; monitors and reports on the Foundation's financial performance; and makes appropriate recommendations on FPE's financial and administrative systems
- **Governance Committee:** studies and makes recommendations on the foundation's governance structures, particularly RCCs and RACs; programs for outreach and constituency-building; grants policies and systems; and multi-year strategic plans
- **Program Development Committee:** makes policy recommendations on the grants program's goal, scope and priorities based on consultations with stakeholders, and works with the Governance Committee to develop three to five year strategic plans

These committees do not meet regularly and remain adjuncts to the organization mobilized on occasions when urgent and non-routine matters have to be discussed.

Example 2 Committees, Regional Boards, Involvement in Annual Planning *Philippine Business for Social Progress*

Board Roles and Activities

Unlike the regionally and sectorally diverse constituents that comprised the FPE Board, the homogeneous composition of the Board of PBSP reflects its origins in the business sector. The Board was initially composed of the founding members, who were prominent businessmen. PBSP was established in 1970 by leaders from 50 Philippine corporations. These member corporations commit one percent of their pre-tax income to social development of which one-fifth is administered by PBSP. PBSP's Board is now composed of 21 Trustees which are elected annually

from among the representatives of the approximately 170 member corporations. It was agreed early in PBSP's history that members would play a greater role in the running of PBSP than simply contributing money. This commitment is reflected in member corporations' involvement in the Board. In most cases, the Trustee is the CEO of the member company. Therefore, the Board is generally composed of notable personalities in the business sector who have connections with both the government and private sectors.

PBSP Trustees serve as:

- **Fundraisers and resource mobilizers:** personally representing PBSP to new donors (introducing PBSP, presenting project proposals and following up with donors); directing the utilization of corporate human and physical resources for disaster relief work/other programs
- **Project/program consultants:** visiting projects, holding meetings and dialogues with community leaders, sharing strategic options and advising staff directly on program direction and management (such as technology development)
- **Promoters of corporate social responsibility (CSR):** participating in national and regional annual membership meetings and in fora on CSR with the business community at large; giving speeches at conferences and meetings
- **Negotiators with the government:** encouraging top-level officials (often peers) to work out the approval of PBSP's participation in foreign aid or government programs

The PBSP board has formed committees to help it fulfill its responsibilities.

The Executive Committee meets monthly to discuss management and financial matters, and occasionally adds agenda items for national Board meetings. Regional Boards (described below) also submit their main concerns through their chairpersons who sit on the national Board. Similarly, chairpersons of Board committees may add items to national Board meeting agendas. Thus the separate Boards are all linked.

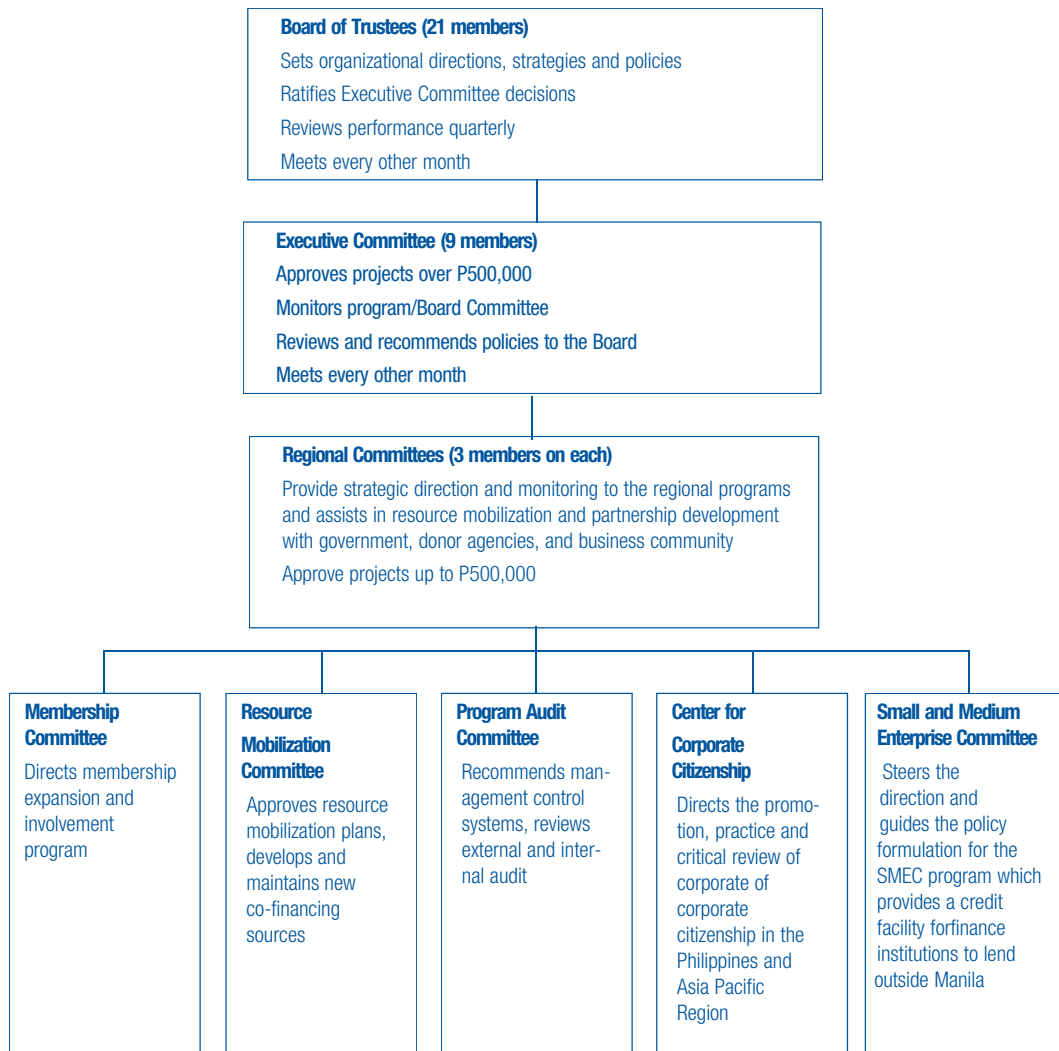
The PBSP Board approves policy guidelines on investments based on recommendations from the Executive Committee. The Executive Committee, thus, also acts as an investments committee. It reviews the guidelines periodically and recommends changes when necessary. Otherwise, based on an approved level of authority, the professional staff makes the investment decisions.

The Membership Committee recruits corporations to join PBSP and encourages them to fulfill their financial obligations.

The Audit Committee is responsible for the internal and, for selected programs, external audits down to the regional level. The committee works with internal and external auditors to make sure systems and procedures are followed, down to the sub-grantee level where acceptable systems are required to be in place. Staff groups assist the Audit Committee by preparing and finalizing the reports.

In conducting committee work, Trustees have the opportunity to work directly with the staff. Likewise the staff reports to Trustees with particular interest or expertise in a given area.

Organizational Structure: Board And Committees⁶



Regional Committees

During the early years in PBSP's development, the Board decided to create three Regional Committees to decentralize operations. These Committees provide strategic direction and monitoring to the region's programs and assist in raising resources and partnership development with government, donor agencies and the business community. The regional committees also oversee formal regional consultation sessions to get feedback and comments on PBSP's work in the regions directly from the beneficiaries. They direct programs to assure that PBSP is responsive to local needs. They approve projects up to Pesos 500,000, meet with donors and campaign for involvement of the local business community in key programs.

Board Agendas

Staff put together Board meeting agendas that focus on the highlights of PBSP's performance according to targets set for the year. Occasionally, the staff identifies for discussion current issues that affect PBSP work or the business community. This allows it to get the perceptions of the Board on how these issues affect PBSP and its mission. Examples of such issues are development work in the country's high growth areas, resource mobilization in light of dwindling development funding, or the regional economic crisis.

As an example, the agenda for the September 1996 meeting of the Board of Trustees of the Philippine Business for Social Progress (PBSP) contained the following items:

- I. Call to order
- II. Review and Approval of Minutes of Board of Trustees Meeting...and Exec. Comm. Meeting
- III. Business Arising from the Minutes
 - A. Follow-up on
 - 1. Recruitment of Hoescht Far East Marketing Corporation
 - 2. The status of the proposal for Kfw funded low costs housing
 - 3. The results of talks with Land Bank and Development Bank of the Philippines on socialized housing
- IV. Institutional Reports
 - A. On the results of operations
 - B. On the financial results of operations
- V. The 6th 5-year Strategic Plan
- VI. Presentation Reports
- VII. Other Matters
 - A. Center for Corporate Citizenship Updates
 - B. Board resolution for the right of way
 - C. Board resolution for the Philippine Council for NGO Certification contribution
 - D. The Festival of Trees
 - E. The Annual Membership Meeting
- VIII. Adjournment⁷

Example 3

Board Criteria in a Constitution

West Africa Rural Foundation (Senegal)

WARF was established with a unique mandate to serve Senegal, Mali, Gambia, Guinea-Bissau and Guinea. Its Board of Governors, the sole governing body, is made up of citizens from each of these countries. Governors serve on a voluntary basis.

WARF's bylaws clearly define the qualifications and responsibilities of the Board members. In WARF's case, where Board membership must represent the countries where it operates, it is specified in the bylaws that "all Governors must be citizens

of the countries where the foundation operates. The Board aims for balance among its members by country, profession and between women and men. All members serve as individuals on the Board, not as representatives of a sector, country or institution.” WARF’s bylaws also define the Board’s role in the grant approval process. It is clearly stated that “a Governor other than the Director may not propose a grantee organization or submit a proposal for funding nor may they participate in the negotiations for a grant.” In this case, it is necessary to specifically mention the limitations of the Governors in applying or negotiating for a grant so that there are no complications in the grant approval process. Excerpts from the bylaws follow:

Article: Board of Governors

1. The Board of Governors is the sole governing body of the Foundation.
2. The Board of Governors elects its own members at annual and semi-annual meetings by vote of the majority of existing members.
3. The number of Governors can be fixed from time to time by the Governors at any meeting of the Board, but can never be less than five (5) or more than eleven (11).
4. The first Governors draw lots to choose two among themselves to serve for a first term of two years, two for three years and the rest for a normal term of four years. All of the first Governors can be re-elected for normal four-year terms. For Governors chosen after the first ones, the term of each Governor will begin on the date determined at the time of that Governor’s selection and will end at the end of the last meeting of the Board in the fourth year of that term.
5. All Governors must be citizens of the countries where the Foundation operates. The Board aims for balance among its members by country, profession and between women and men. All members serve as individuals on the Board, not as representatives of a sector, country, or institution.
6. Each Governor can resign at any time by a letter addressed to the Chair of the Board, the Director, the Treasurer or the Board. A resignation takes effect from the date specified in the letter. Any Governor can be dismissed by a vote of three quarters of all the Governors. All vacancies resulting from a resignation, dismissal or other cause can be filled by a majority vote of the rest of the Governors, even if they total less than a quorum, at any meeting of the Governors. A Governor who is absent for three meetings will be considered to have resigned.
7. Each Governor will be reimbursed for costs related to service on the Board and receive a modest honorarium for attendance at the Board meetings. Governors cannot receive any other remuneration from the Foundation.

Article: Officers

1. The Governors will choose three officers: a Board Chair, a Director and a Treasurer. The election of these officers will be recorded in the minutes of the meeting.
2. Each year at the annual meeting, the Governors will elect a Chair for a one-year term, renewable for a total of four years.

3. Each year at the annual meeting, the Governors will choose a Director, who will have principal responsibility for the execution and supervision of all operations and personnel of the Foundation, under the direction or approval of the Board of Governors. The Director will be the only member of the staff who is also a member of the Board of Governors. A member of the Board cannot be elected as Director before one year after the end of that member's term on the Board. A Director can be re-elected for a total term of eight years.
4. Each year at the annual meeting, the Governors will choose a Treasurer, who will work under the direction of the Director, will be a member of the staff and will also serve as Secretary of the Foundation, but will not be a Governor. The Treasurer will be responsible for recording the proceedings of all the meetings of the Governors, for giving notice for meetings, for the receipt, custody and disbursement of the Foundation's funds, for the custody of all financial documents and for other tasks that the Board may assign. A member of the Board cannot be elected as Treasurer before one year after the end of that member's term on the Board.
5. Any officer can resign by giving written notice to the Board, the Director or the Treasurer. The resignation will take effect as of the date specified in the letter and does not have to be accepted to take effect. The Governors can dismiss any officer at any Board of Governors meeting. All vacancies for any reason can be filled for the remainder of the term of that office by the Governors at any meeting.

Article: Committees

1. The Board may designate committees of its members. The Chair is automatically a member of any committee created by the Board. The Director is automatically a member of any committee created by the Board except the audit committee. All committees will have at least three members, and may choose their chairperson, who may be the Board Chair.
2. The audit committee chooses an external auditor each year to conduct an audit of all accounts of the Foundation at the end of each fiscal year. The committee will study the audit report and the Treasurer's annual report and make its recommendations to the Board.
3. The recruitment committee will study the list of Board members at each meeting and propose to the Board actions to choose new members, to re-elect existing members or to dismiss members who have not fulfilled their obligations in a satisfactory manner. The members of this committee will conduct interviews with potential members of the Board between Board meetings. The Foundation will cover their expenses for this task and provide secretarial services for it, but will not give supplemental honoraria or payment of any kind.
4. The fundraising committee will assist the Director in obtaining funds for the Foundation. During Board meetings, the fundraising committee will report to the Board on its efforts and will organize its future activities. The members of the fundraising committee will contact and meet with prospective donors between meetings of the Board. The Foundation will cover their expenses for these tasks but will not accord them any honoraria or fees of any kind.

Article: Program and Planning

1. The Board of Trustees will ask the Director to propose for its approval at the annual meeting a report on the past year and a plan for the year to come. The annual report includes a summary of activities and grants over the past year and a financial report certified by an external auditor. The plan for the year to come includes a program plan, a staffing plan, an administrative budget and a financing plan.
2. The annual staffing plan presents the number of existing staff by category; any vacancies and a plan for filling them or an explanation why not; any proposal for adjusting the total staff salary pool for the coming year; and any request for staff training for more than one month. The Foundation seeks diversity in its staff by gender and ethnic group and among citizens of the countries in which the Foundation works.
3. The annual program plan presents a report on the past year and projections for the following year by category of program action, the number of actions by category, their cost, the total budget and a description of the program strategy that underlies these projections.
4. The administrative budget in the annual plan presents a report on administrative costs for the past year and projections for the year to come, by line item. If any line item for the year to come is more than 10% of its amount in the preceding year, the plan will explain the reasons. Administrative costs cannot be more than one third of the total annual budget of the Foundation.
5. The financing plan will present a report on funds received over the past year and projections for the following year, and the plan for managing funds for the following year. The Foundation cannot end its fiscal year in a state of deficit, nor can it keep in reserve more than twice its annual budget, except endowment funds.
6. At each meeting of the Board, the Trustees will study a summary of the Grants and Foundation Administered Projects (FAPs) approved by the staff during the preceding six months since the last Board meeting. A Trustee other than the Director may not propose a grantee organization or submit a proposal for funding nor may they participate in the negotiations for a grant.
7. Once a year the Treasurer prepares a report on internal financial controls, including recommendations for action, for submission to the Board with the annual audit at the semi-annual meeting.
8. The Board approves all grants above an amount fixed in the Foundation's management guide and delegates to the Director and staff authority to approve grants below that amount.

At least once a month, the Director will convoke the program staff and the Treasurer to decide which proposals and requests for the Foundation support to pursue and to approve grants. The Treasurer will record and file the minutes of these meetings and the Trustees may consult them during their meetings. The minutes specify which organizations were accepted or not into the pipeline and why, as well as which grants or DAPs were approved and why.

Board Meetings

The frequency (twice each year, in October and April), conduct and structure of WARF Board meetings are also laid out clearly in the Foundation's bylaws:

Article: Board Meetings

1. The Board will meet twice a year, at an annual meeting and at a semi-annual meeting.
2. The annual meeting of the Governors will take place in the same month each year. The Governors can change the month by unanimous decision at a Board meeting or by written agreement of all the Governors. The Board Chair, the Director or at least a third of the Governors can request the Secretary to call a special Governors meeting.
3. The Treasurer will notify the Governors of a Board meeting by letter at least one month before the date of the meeting. The letter will specify the place, date and hour of the meeting and in case of a special meeting, the purpose thereof. This constitution can only be amended or annulled at a meeting if the notice included a description of the proposed changes. If the Treasurer is absent or fails to act, the Chair or the Director can send a letter of notice for the meeting.
4. The Chair always presides at a Governor meeting. In case of absence the Chair can appoint a temporary Chair, or failing such action the Governors can appoint one of themselves to preside. In the Treasurer's absence the Chair of the meeting will appoint someone to act as secretary.
5. A majority of Governors then in office will constitute a quorum for all meetings. The act of a majority of Governors present at a meeting where there is a quorum will be the act of the Board of Governors. In the absence of a quorum, a majority of Governors present can adjourn a meeting until a quorum can be obtained. Each Governor at a meeting is entitled to one vote and no proxies may be exercised at Governor meetings.
6. If all the Governors give their written authorization for an action, that action will be as valid as actions authorized at a Board meeting. Any such unanimous consent will be filed with the Treasurer.
7. During the consideration of an action proposed by the Board, a Governor who is an officer, director, Governor, member or employee of the prospective beneficiary will withdraw from the meeting when the vote is taken. This withdrawal will not affect the existence of a quorum.

Article: Closed Session

1. At each Board meeting, the Board has a closed session to elect new members, reelect present members, dismiss unsatisfactory members and organize the recruitment for all existing or anticipated vacancies.
2. At each annual meeting, the Board elects the Chair, Director and the Treasurer for a one-year term and evaluates the performance, remuneration and contract of the Director. The Director negotiates the contracts, salaries and benefits of the other staff, including the Treasurer, during the course of the year.
3. At the annual meeting the Board approves the annual plan, with all modifications noted. At the semi-annual meeting, the Director presents a progress report on the plan and the Board

approves the recommendations on internal financial controls in the Treasurer's report with all modifications noted.

Article: Agenda of Board Meetings

1. A majority vote of the Board can change the agenda of any Board meeting.

2. The Agenda for the annual meeting is as follows
 - a. Verification that the meeting was properly convoked
 - b. Verification of a quorum
 - c. Presentation of the annual plan by the Director
 - d. Discussion of the plan
 - e. Committee meetings
 - f. Committee reports to the Board
 - g. Resolutions
 - i. Annual plan
 - ii. Audit
 - iii. Members
 - iv. Fundraising
 - i. Other business
 - j. Dates of the next (semi-annual) meeting

Section 2 **Staffing the Foundation**

This section examines how a professional staff is hired and developed so that they can effectively carry out the foundation's programmatic and administrative responsibilities. In the first case, the role of the Executive Director is examined. The second example explores the well-developed personnel systems of the Foundation for the Philippine Environment (FPE).

Example 1 The Role of an Executive Director
Esquel Ecuador Foundation

Example 2 Personnel Systems
Foundation for the Philippine Environment

Are Professional Staff Necessary?

It is possible for donors to make grants without investing resources in recruiting and training professional staff. They can hire part-time consultants and/or rely on volunteer support. One argument for this approach is that it may reduce administrative expenses.

The foundations we examine in this section have chosen, however, to recruit and train a professional staff because they believe that by doing so they can better manage resources and scale up their impact. These foundations believe the benefit in terms of their ability to identify and support strong programs and have an impact over time outweigh possible savings in administrative expenses.

What Staff Does a Foundation Need?

In many organizations, the Board, often working with a lead staff member, decides what staff the foundation will need. After the head of the foundation has been retained, many boards turn over the staff recruitment to that person. Although they remain involved in broader staffing issues (policies and the growth of the organization), they seldom take a role in the recruitment process. Specific roles and titles of staff members vary significantly; however, the foundations in this chapter have all filled the following positions:

- Head of the foundation: many foundations focus the leadership role in a single individual but this role may be shared between two individuals. The three foundations in this chapter all employ an “executive director.”
- Program staff: depending on the grantmaking strategy of a foundation, program staff will bring a variety of skills including familiarity with the geographical areas where the foundation works and professional knowledge of the thematic areas of concern to the foundation.

- Financial staff: often includes an accountant
- Communications staff: sometimes combined with a fund-raising person
- Fundraising staff: functions are sometimes shared with program staff
- Administrative staff

Staff run the daily affairs of a foundation and ensure that the intentions of the Board are carried out. They also provide ongoing support to the Board and Board committees. Candidates for each position are selected based on the needs of the foundation.

Summary Points

A founder who wants to play the role, has proven capable and has gained the trust of the Board could be effective in an executive staff position. In the case of the Esquel Ecuador Foundation (FEE), the Board chose to appoint the leader of the core group of founders of the foundation as executive director. His commitment, energy and vision was demonstrated in his work prior to and during the formation of FEE. They did not see the need to search for an executive director who was not already familiar with FEE's vision.

A well-developed personnel system can ease the staff recruiting process over the long run. Detailed job descriptions used by FPE help to clearly define the role of each staff member and their responsibilities. This facilitates the process of replacing departing staff.

Staff development plans can help to enhance the skill of staff in areas where existing expertise cannot be identified and can help to keep up staff morale. A staff development system like FPE's allows staff members to acquire new skills in areas where there is a shortage of expertise or to refine existing knowledge. This can help in empowering staff members and enable them to grow professionally within FPE so the staff turnover rate is lower.

A staff evaluation system can help to improve relations between supervisors and staff. FPE's staff evaluation system constantly allows staff to reflect on their performance and relations with peers, supervisors and subordinates to improve working conditions and staff morale.

Example 1

The Role of the Executive Director *Esquel Ecuador Foundation*

The Esquel Ecuador Foundation (FEE) was legally registered as a foundation in 1990, though the founding members—all social and economic development professionals—formed a task force in the late 1970s to address the social needs of the country through research and dialogue. When the Foundation was formed, the members of the task force recruited board members that became FEE's governing

body. It was this group that appointed the leader of the task force as FEE's Executive Director; this title was changed to Executive President in 1993. The Board opted to choose, through a transparent process, a proven leader who could communicate the mission and vision of the organization effectively through demonstrated energy and commitment.

The Executive President is a member of the Executive Committee that is also composed of the Chairman and the Vice Chairman of the Board. This group meets monthly or when convened by a member. The Executive President's role, as seen in Article 22 of FEE's by-laws, states the role of the Executive President as the fundraiser, the chief staff person in liaison with the Board, the representative and the Head Administrator of Esquel. An effective leader should ensure that the foundation operates efficiently on an administrative, programmatic and policy level.

Article 20 of the by-laws describes the functions of the Executive Committee and the responsibilities of the Executive Director to the Committee and Article 21 specifies the tenure of the Executive Director:

Article 20. The functions of the Executive Committee will be:

- To comply with and ensure the fulfillment of the statutes and regulations of the Foundation
- To interpret the statutes and regulations of the Foundation
- To approve the financial policies presented by the Executive Director
- To be informed of technical reports and financial statements presented periodically by the Executive Director

Article 21. The Executive Director will be the Administrator of the Foundation. He or she will be appointed by the Board of Directors for a period of three years and may be re-appointed for two additional consecutive periods...

Article 22. The functions of the Executive Director are:

- To direct and be responsible for the operation of the Foundation
- To comply with and ensure the fulfillment of the statutes and regulations of the Foundation
- To represent the Foundation legally, judicially, and extra-judicially
- To prepare the Annual Work Plan and Annual Report and submit them to the Board of Directors for its consideration
- To present technical reports, financial statements, and periodic reports to the Executive Committee in accordance with General Regulations
- To obtain the technical and financial resources required for the adequate operation of the Foundation
- To propose guidelines for the investment of the Foundation's financial resources and present them to the Executive Committee for approval
- To hire the operational staff of the Foundation⁸

Example 2

Personnel Systems

Foundation for the Philippine Environment

The Foundation for the Philippine Environment (FPE) is a good example of a foundation that has a highly developed and standardized staff recruitment system. This system not only facilitates the process of replacing out-going staff, it also serves to clearly define the specific roles and responsibilities of each staff member.

Each job description also includes the supervisory relationships for the staff member. Below are two examples of job descriptions including the Executive Director and positions in finance, program, communications and human resources.

Each position is described in a detailed job description and is assigned a “job level.” The staff is divided into program staff who implement the Grants Program, Administrative and Human Resources Unit, Finance Unit and Office of the Executive Director. In 1995, FPE went through a “job matching” exercise and salary rationalizing plan which was undertaken by an outside auditing and management firm to derive a more balanced distribution system of benefits and responsibilities. The job descriptions seen below reflect the new system that is presently in place.

The internal document giving the position description for the Executive Director contains the following information about functions and responsibilities:

Major Function

- In accordance with the goals and objectives of the FPE and approved long-term strategy, [the Executive Director] plans, develops, implements, and manages all program activities for the foundation; advises the Board of Trustees on pertinent issues; and provides essential input for program review and evaluation

Major Duties and Responsibilities

- Implements policies established by the FPE and manages day-to-day operations...Supervises FPE staff and reports regularly to the FPE Board...Further develops and refines office, management, accounting and personnel procedures...
- Plans, develops, implements, and manages the FPE program, which may include performing on-site inspections to evaluate specific projects and overall program progress; networking with regional, national, and international organizations; organizing and participating in meetings to help determine conservation priorities; working with consultants to define appropriate conservation activities; preparing written strategies and keeping the Board informed about programs and projects
- Initiates, investigates, evaluates, and develops projects in collaboration with other organizations and donors as necessary, to formulate new projects and strategies, as well as changes to existing programs, and recommends their adoption to the Board
- Performs on-site inspections...
- Develops, as requested, reports, papers, slide presentations on conservation-related activities for FPE projects. Works with staff to prepare materials for fundraising, promotional events, public awareness, and education
- Monitors new technical information, policy development, issues, and trends related to Philippine conservation and advises the Board

- As a representative of FPE, communicates effectively and maintains relationships with colleagues, grantees, host government officials, etc
- Manages and supervises appropriate staff
- Performs other duties as assigned by the Board

Supervisory Responsibility

- Supervises FPE staff, including program officers, administrative assistant, secretary, and casuals, as well as indirectly supervising consultants and grantees

Working Relationships

- Internal: Interacts frequently with staff and Board to advise, plan, and facilitate FPE program work
- External: Interacts frequently with grantees, consultants, donors, other conservation organizations, government agencies, universities, etc

Minimum Qualifications

- Knowledge: A Ph.D. in natural resources management, environmental studies, or a related field, or a master's degree with equivalent work experience
- Experience: At least five years of field experience in the Philippines in conservation, natural resources management, or international development with demonstrated success in managing complex conservation programs
- Skills and abilities: Excellent oral and written communication skills, both in English and Tagalog
Administrative and management experience is essential⁹

FPE's Finance and Administration Manager reports to the Executive Director and heads the Finance Unit. The basic functions of the Finance and Administration Manager are to be responsible for planning, directing, coordinating, and supervising management of the finances including general accounting, projects cost monitoring, and budget operations of the Foundation, along the context of reporting and interpreting, government reporting, evaluating and consultation, including internal audit, tax administration, protection of assets, planning for control, investment/donor/banking relations and economic appraisal. The following is FPE's description of the position:

Position Title: FINANCE AND ADMINISTRATION MANAGER

Organizational Unit: Finance and Administration

Job Level: 8

Basic Function

Managing transactions and processing systems which produce information for the control of planned activities and operations under the Endowment Fund; Reporting and interpreting the results of operations measured in financial terms both for internal and external use including tax administration; Assessment of the financial impact of management decisions and recommendations both before and after implementation; Assuring adequate cash flows to support planned activities and operations; Safeguarding resources through appropriate controls; Consolidating revenue and cost data pertaining to projects, programs and special events; Providing a financial framework for planning activities and operations.

Specific Duties and Responsibilities

1. Financial Management

- a. Establish/maintain in accordance with generally accepted accounting principles and practices, internal control systems and procedures for FPE funds received, property and other assets acquired.
 - Review validity/authenticity of cash disbursements, receipts and other related transactions.
 - Approve all vouchers, request for check payments and other disbursements.
 - Review the accuracy of accounting records of all FPE funds/grants received.
 - Monitor the performance of fund managers on a regular basis.
 - Monitor the operating expenditures against budget, cash position/fund balances and account investments.
- b. Render a written report of the funds/grants received to AID or other donors setting forth a description of all disbursements, property purchased and other transactions.
 - Review and approve all financial reports prepared by the Financial Analyst and General Accountant on all funds received.
 - Ensure compliance of all written reports with established guidelines.

2. Planning for Control

- a. Establish, coordinate and administer an adequate plan for control of operations such as revenue generation (maximization of revenues on investable funds), expense budgets and appropriate monitoring controls to ensure compliance with standards set.
- b. Ensure that adequate internal control measures are in place to safeguard the Foundation's assets.
 - Procure adequate insurance coverage for existing and insurable assets and commodities.
 - Ensure that all equipment is maintained in good condition by providing a system of monitoring its performance on a regular basis.

3. Evaluating and Consulting/Internal Audit

- a. Contract a financial and compliance audit of the books and records of the Foundation relative to projects including all fund sources with a certified public accounting firm/accountant
- b. Conduct close-out reviews with or without the assistance from a public accounting firm to cover completed projects
- c. Conduct periodic internal audit of financial transactions including operating results through evaluation and appraisal of the soundness, adequacy and application of accounting, financial and other operating controls and promote/initiate internal control procedures to ensure the attainment of objectives and effectiveness of policies, organization structure and procedures at reasonable cost

4. Office Administration Services

- a. Coordinates with all unit heads the development and implementation of all administration policies, guidelines, forms and procedures on the following areas:
 - Procurement and issuance of supplies, materials and equipment
 - Utilization and maintenance of service vehicles.
- b. Identifies and recommends for approval priority capital expenditures
- c. Oversees the installation of maintenance system for office machines and equipment
- d. Supervises the staff tasked to provide support during Board and BOT committee meetings

5. Committee Membership

- a. Management Committee
- b. Retirement Committee
- c. Benefits Committee
- d. Investment Committee

6. Performs other duties as may be assigned from time to time

Qualification Guide

1. College graduate with background in accounting; preferably with graduate studies in Business Administration or Finance
2. Certified Public Accountant
3. Five years experience in general accounting, budgeting, financial reporting, donor funds custody and management with at least three years in a supervisory capacity
4. Adequate working knowledge of integrated accounting applications (e.g., ACCPAC, PLATINUM, GREAT PLAINS)

The role of the Finance and Administration Manager is a critical one since this person and the Finance Unit are responsible not only for keeping clear records of incoming funds, but also for administering out-going grants. Under the governance structure of FPE, which requires liaison with US Agency for International Development, the World Wildlife Fund, the Government of the Philippines and other donors, the Finance and Administration Manager must also have the skills to report and communicate effectively with these constituencies.

The following are descriptions of three other positions at FPE—Supervising Program Officer, Senior Program Officer for Development Communications and Human Development Officer:

Supervising Program Officer

Position Title:	SUPERVISING PROGRAM OFFICER
Organizational Unit:	Program Development Unit
Job Level:	7

Organizational Relationships

Reports directly to the Director for Program Development;¹⁰ provides technical guidance and supervises Project Officers assigned to all regular projects of FPE and other Program staff. For the duration of the leave of the Director of Program Development, attends meetings of the Management Committee.

Basic Function

Facilitates project development, monitoring and evaluation of regular projects, including site-focused, responsive, CFP-MacArthur, Keidanren NCF, proactive, and action grants; establishes and broadens linkages with other groups, institutions, and individuals to strengthen program implementation; supervises the work of Project Officers assigned to these projects, as well as the Program Assistants of the Program Development Unit.

Specific Duties and Responsibilities

1. Project Development, Monitoring and Evaluation

- a. Prepares consolidation reports of all regular FPE projects
- b. Ensures that specific agreements and refinements or conditions set by the PDC/BOT for Projects approved for funding are incorporated into the pertinent Partnership Agreement
- c. Approves requests for fund release for projects made by Program Officers or Program Assistants
- d. Assigns to particular Project Officers the appraisal of project proposals forwarded by the Executive Director
- e. Ensures the conduct of the monthly gridding of project proposals appraised
- f. Presents to the Management Committee the status of all project proposals received, whether approved rejected or deferred
- g. Oversees the arrangements for the conduct of all activities of the Program Development Unit, particularly the annual partners' meeting
- h. Monitors action taken by PDU staff concerning project modification/alignment and any other specific request by partners regarding project implementation

2. Technical Guidance

- a. Facilitates evaluation of project strategies in order to assist the Director for Program Development and the whole unit in the development of strategies and approaches for the effective implementation of FPE projects
- b. Facilitates the gathering of/consolidates inputs to FPE projects being developed and monitored by Project Officers or Program Assistants, especially in terms of technical and financial soundness and sustainability and problem-solving strategies
- c. Reviews outputs (i.e., presentations, field visits, and monitoring reports) of all PDU staff and provides guidance in their improvement

3. Supervision of PDU Staff

- a. Appraises the performance appraisal report of Program Assistants and recommends appropriate action
- b. Reviews and approves requests for cash advances, liquidation reports, reimbursements, leaves of absence, and daily time records of all Program Assistants
- c. In coordination with the HRDA Unit, recommends training courses for PDU staff
- d. Approves requisitions for materials issuance or purchase based on approved expense item and budget
- e. Coordinates with other units on program-related concerns

4. External Communication and Linkages

- a. Establishes and broadens linkages and maintains communications with NGO-PO networks, government agencies and other institutions and individuals to strengthen program implementation

5. Special Duties

- a. As part of the collegial staff, participates in recommending policies and guidelines for program and project approval process
- b. Performs other functions as may be assigned from time to time

Qualification Guide

1. College graduate with background in Forestry, Biology, Environmental Studies, Ecology, and other related courses; graduate course units or units on these areas highly desirable
2. Three to five years experience in project management activities, preferably with exposure to environment-related projects
3. Previous supervisory or management experience preferred

Senior Program Officer

Position Title: SENIOR PROGRAM OFFICER for DEVELOPMENT COMMUNICATIONS

Organizational Unit: Development Communications Unit

Job Level: 7

Organizational Relationships

Reports directly to the Director for Institutional Development; exercises over-all supervision of the DCU staff; coordinates with the Program Development Unit on needed communications support, with the Finance Unit for financial requirements of the unit and its projects, and with the Human Development and Administration Unit for administrative matters. Serves as a member of the Management Committee.

Basic Function

Responsible for the development of the Foundation's communications programs in coordination with Management and other units.

Specific Duties and Responsibilities

1. Institutional Communications Program Development

- a. Facilitates the development and oversees the implementation of FPE's communication plan
- b. Handles specific FPE proactive programs
- c. Facilitates the development of the units' annual workplan
- d. Establishes the standards for internal and external communications materials, publications, and productions

2. Coordination and Linkaging

- a. Oversees the provision of secretarial support to the Regional Advisory Committees and the Experts Advisory Panel
- b. Represents FPE in activities involving inter-agency collaboration pertinent to the unit's mandate

3. Supervision of Communications Officers and other Administrative Matters

- a. Appraises the performance of the unit's staff in implementation of individual work plan and compliance with financial and administrative policies
- b. Reviews documents and presentation materials before submission to the director for Institutional Development
- c. Approves requests for funds release, cash advances, liquidation reports, reimbursements, leaves of absence, daily time records of staff belonging to the unit
- d. Coordinates the administrative, budget and financial concerns of the unit

Qualification Guide

1. College graduate with background in Development Communications, Mass Communications, Journalism, and other related courses
2. Three years experience in communications projects, preferably with exposure to environment protection or conservation programs
3. Previous supervisory or management experience desirable

Human Development Officer

Position Title: HUMAN DEVELOPMENT OFFICER

Organizational Unit: Human Development and Administration Unit

Job Level: 6

Organizational Relationships

Reports directly to the Director for Institutional Development; supervises the work of the office drivers and office service workers. Serves as vice-chairperson of the Benefits Committee; oversees the work of the Inter-unit Administrative Committee.

Basic Function

Under the supervision of the Director of Institutional Development, ensures implementation of FPE's Staff Development and Capability Building Plan, staff recruitment, induction, orientation, performance appraisal, and career planning; administration of staff compensation and benefits.

Specific Duties and Responsibilities

1. Staff Development and Capacity Building

- a. Handles preparations for the conduct of the monthly staff development sessions
- b. Administers training needs assessment as needed and validates results with the staff and their supervisors
- c. Assists in the development of a staff development master plan based on the TNA results and performance appraisals
- d. Identifies training courses for individual staff based on the master plan
- e. Arranges for the attendance of the staff in various training programs
- f. Administers evaluation of individual training and feedback on ST&D sessions

2. Compensation and Benefits Administration

- a. Administers the compensation and benefits structure through preparation of contracts of employment or professional salary adjustment, personnel movement, salary adjustment and promotion papers
- b. Prepares documentation for group insurance, health care, retirement plan and individual travel insurance
- c. Computes hours of work of staff based on daily time records and tracks utilization of leave benefits
- d. Enrolls and reports newly hired employees in statutory agencies
- e. Processes and ensures the filing of notifications of maternity and sick leave, applications for loans, and other benefits with the appropriate government agencies
- f. Maintains and updates records of FPE staff in terms of change of status, additional dependents and beneficiaries

3. Recruitment and Replacement

- a. Conducts screening, initial interview, and testing of applicants
- b. Prepares a short list of the most qualified candidates and arranges interview with the appropriate supervisor and/or manager
- c. Prepares employment contracts and makes arrangements for the orientation of newly hired staff
- d. Monitors the contracts of probationary and contractual staff and notifies management on appropriate action to be taken regarding continuance of employment
- e. Prepares and distributes the forms for the periodic performance appraisal of the staff and summarizes the results
- f. Maintains an active file of qualified applicants

4. Institution Building

- a. Handles preparations for the mid-year and year-end staff assessment and planning workshops, as well as the team building and family day activities
- b. Maintains the Freedom Wall and the Suggestion Box
- c. Undertakes periodic documentation of staff meetings

5. Administrative Support¹

- a. Handles arrangements for air travel of staff going on field assignments or conferences/ meetings in the region
- b. Ensures that messengerial duties and dispatch of drivers and vehicles are discharged effectively by monitoring the work of the Administrative Staff
- c. Oversees the procurement and inventory of supplies and materials as well as action taken on job orders
- d. Facilitates documentation for payment and other transactions regarding communication services (landlines and mobile phones, pagers), security services and other job orders
- e. From time to time, takes specific instructions from the messages for the Executive director regarding meetings and schedules at FPE

Qualification Guide

1. College graduate with background in Human Resource Management/Development, psychology, behavioral science, sociology, or anthropology
2. One year experience in Human Development functions involving training, compensation and benefits administration, recruitment and placement

Staff Development

FPE aims to attach the same standards to their own staff development that they apply to their partners. The Human Resource Development and Administration Unit prepares an annual work plan for staff training and development. It includes provision of short course training at specialized institutions such as the Asian Institute of Management, part-time graduate and vocational studies and specially designed training sessions on topics mainly related to environmental studies.

Staff development initiatives can be found in activities such as additional skills training, participation in workshops and seminars, field experience, and exposure to other organizations. These incentives are important to the health of the Foundation as well as to the productivity and enthusiasm of the individual staff members.

There are five components to staff development at FPE: performance appraisal, monthly capacity-building workshops, field exposure for non-program staff, individual staff training and leadership experience for staff members who have undergone training

These staff development and training mechanisms apply to staff members including program and administrative staff. FPE prepares a staff training schedule every year. The 1998 workplan is shown below:

Human Resource Development & Administration Unit			
KRA/Target	Activities	Time Frame	Inter-Unit Support
Staff Training & Development			
Master Plan	<ul style="list-style-type: none"> Identify areas of specialization per staff 	1st quarter	All units
Individual Training	<ul style="list-style-type: none"> Provide support for graduate, postgraduate & vocational (diploma) studies of staff Formulate, validate, finalize revised policy on local training Arrange for individual staff training to short courses, including AIM training 	1st quarter onwards	All units
ST&D Session	<ul style="list-style-type: none"> Gender Sensitivity Niño Phenomenon Writing Workshop Agenda 21, UN Convention Biological Diversity Terrestrial Ecosystems Aquatic Ecosystems Culture & Environment Indigenous Knowledge System Natural Resource Accounting Jan 	Jan Feb Mar Apr May Jun Jul Aug Sep to Nov Dec	All units
Exposure Trips	Quarterly Assessment in <ul style="list-style-type: none"> Abra Malindang Matutum Samar (Cataman) Interpersonal Relations <ul style="list-style-type: none"> Team Building Family Day Sports Activities; aerobics; bowling 	2nd Quarter 3rd Quarter April May Every Friday	PDU, all units All units
Assessment & Planning	Midyear Year-end	July December	All units; especially DCU
Orientation	<ul style="list-style-type: none"> Improve kit: strategic plan, biodiversity Conduct for different staff 	January As needed	DCU, EO
Personnel Administration			
Adequate staff complement	<ul style="list-style-type: none"> Recruit staff assistant for DCU Contract MIS expert 		DCU
Review job description	<ul style="list-style-type: none"> SPO for Proactive, Communications Finance Unit, HRDA 	1st Quarter	All units

Performance Appraisal	<ul style="list-style-type: none"> •Subordinate to superior •Peer review, partners' evaluation 2nd Quarter 	December All units
Compensation & benefits	<ul style="list-style-type: none"> •Meeting of Benefits Committee to discuss clothing allowance (uniform) & transportation •Administer performance appraisal & bonus •Salary adjustment due to inflation (per September 1997 BOT meeting: 7%) •SSS/Medicare/Pag-IBIG •Retirement •Overtime •Life Insurance & Medical Benefit •Rice Subsidy •Christmas Bonus •13th month* •SL Conversion* <p>*Note: amounts based on '97 salaries</p>	1st Quarter All units 2nd Quarter
Office Administration		
Office Systems	<ul style="list-style-type: none"> •Records disposal •Reprint office policies •Revise employee handbook •Review policies <ul style="list-style-type: none"> 1. Vehicle usage & accountability 2. Equipment issuance & accountability •Design/revise office forms <ul style="list-style-type: none"> 1. Copy services (reproduction) 2. Gate pass, job order 3. Vehicle request •Provide matrix of courier service & travel agencies •Tracking of documents dispatched •Provide monthly report of gasoline consumption •Update list of supplies •Provide monthly report of telephone bills •Guidelines for equipment disposal •Ensure that communications are transmitted as requested •Ensure that ED & staff are conveyed safely & on time 	Dec '97 DCU 1st Quarter 2nd Quarter All units 1st Quarter 1st Quarter All units 1st Quarter Ongoing Continuing Continuing Continuing
Procurement		
Procure needed supplies & equipment	<ul style="list-style-type: none"> •Finalize list of needed supplies, equipment •Procure equipment •Procure institutional give-aways 	Dec '97 All units As scheduled, July '98
Inventory Management	<ul style="list-style-type: none"> •Maintain & update inventory management & control system 	Continuing
Repair & Maintenance	<ul style="list-style-type: none"> •Insure vehicle, renew registration (LTO) 	Per due date (month) Finance (fund)
Vehicle maintenance, registration & insurance	<ul style="list-style-type: none"> •Ensure that vehicle is maintained & in good running condition 	January
Equipment repair & maintenance	Equipment: upgrade & repair	As needed All units Finance (fund)
Office maintenance, repairs & fabrication	<p>Premises: rehab grotto, & paint fence (or ivy) Install gate (dirty kitchen) Repair roof, water tank Install: Deep well pump = 120,000 Fabrication: cabinets for old files</p>	January Finance (fund) 1st Quarter 2nd Quarter 2nd Quarter January

Performance Management System

The performance appraisal described in the schedule includes not only assessment by staff member's supervisors, but also by subordinates, peers and grantees. In addition, FPE holds monthly capability-building workshops. Topics of these workshops include:

- Toxic waste management
- Environmental impact assessment
- Asia-Pacific economic cooperation framework for upland development projects
- Women, the environment and sustainable development
- Map reading

These monthly sessions also serve to enhance team spirit, since the staff members sometimes cook the meals to be served during the whole-day event. They also help to cement better relationships between staff and members of the Board, since the Board members sometimes serve as facilitators of these sessions.¹²

Team Building

FPE makes use of six mechanisms to help the staff coalesce and unify:

- *Team-building workshop*, held once a year, all the staff attend. Strengths and weaknesses of individual staff are identified
- *Family Day*, held once a year, usually in summer. The whole staff and their families have an outing at an out-of-town resort. FPE staff prepare the food
- *Anniversary celebration*, held in January, in which staff members put up the exhibit and participate in presentations
- *Inter-unit sports activities*. Sports have included bowling and table tennis, with inter-unit teams formed
- *Inter-unit committees*, are convened to organize activities, such as the Assessment and Planning Workshops, FPE Anniversary celebration, Christmas party
- *Freedom Wall and Suggestion Box* are where the staff members express what they feel or want to suggest

Performance Audit of Directors and Managers

Depending on the staff structure of an organization, it is important for lower-level staff to be able to evaluate the managerial skills of their supervisors. The Board briefing book for a December 1997 meeting includes a framework for the appraisal of a manager/director by a subordinate. FPE uses a point system, but many others exist and some research/experimentation may be necessary before making a final decision within an organization.

The following are suggested criteria used in this framework for areas in which managers' performance might be appraised by a subordinate. These same areas can be used for appraisal by a superior, a peer, or project co-worker.

SUGGESTED CRITERIA FOR APPRAISAL:
MANAGER/DIRECTOR BY SUBORDINATE

Management of work

- Effectively plans and prioritizes present and future activities of the unit
- Links these activities with the over-all vision, mission, goals, and strategies of the Foundation
- Assigns work properly and clearly
- Sets appropriate work standards and realistic deadlines
- Establishes monitoring systems and streamlines office operations
- Makes prompt and sound decisions

Management of People

- Delegates authority and responsibility fairly and appropriately
- Follows up on delegated responsibility
- Encourages and stimulates purposeful and original ideas
- Motivates subordinates to accomplish their goals
- Promotes career and professional growth of subordinates
- Ensures continued growth and development for self and subordinates
- Appraises and counsels subordinates effectively and without bias
- Observes fairness and impartiality and maintains discipline

Management of Resources

- Budgets resources and people, supplies, time, money, equipment, vehicles
- Ensures proper disbursement of funds
- Ensures proper use and maintenance of office equipment, vehicles, and other facilities

Management of Constraints

- Recognizes and overcomes office difficulties or problems
- Takes responsibility for his/her actions

Innovation

- Initiates and implements new or improved policies/programs/projects/ activities other than those already identified
- Takes risks in program or project implementation

Staff Performance Assessments

FPE has also developed suggested criteria for appraising staff performance for the purpose of determining awards such as promotion and pay raises. Each criterion has a suggested point credit assigned to it so that the person conducting the assessment can score and grade the performance. The areas under evaluation are technical work quantity and quality, work behavior and attitude, and administrative skills [summarized]:

Technical work quantity (output or actual performance)

Technical work quality (quality of work done vis-à-vis skills and capabilities)

- Management of work
- Substance, accuracy, organization of work

- Management of constraints
- Timeliness and alertness
- Communication
- Work behavior and attitude
- Team spirit
- Dependability and adaptability
- Work drive and enthusiasm
- Initiative and resourcefulness
- Stability
- Friendliness and courtesy

Administrative

- Observance of FPE policies and procedures, rules and regulations
- Attendance
- Personal appearance and physical fitness

Additional work (also termed “intervening factors”)

- If the additional work is accomplished over and above the usual assignments, it will get point credits that are dependent on the important/impact/difficulty of the work done and the length of time needed to get it done

FPE uses a form to allow an opportunity for the appraiser to make observations about the data collected in the performance appraisal above:

TRAINING AND DEVELOPMENT NEEDS

What are the appraisee’s potentials? In what areas do you think he/she should improve? What are his/her problems in these areas?

Development activity _____
 Completion date _____

Signature of appraisee _____
 Signature of appraiser _____

Appraisal completed and discussed with appraisee on: _____
 Signature of reviewer _____
 Date _____

Section 3 **Planning for Institutional Development and Developing Budgets and Financial Management Systems**

This section lays out issues related to strategic planning by the Foundation for Community Development (FDC) and illustrates the development of budgets and financial management systems by the Philippine Business for Social Progress (PBSP). Also explored here is the financial reporting system set up by the Esquel Ecuador Foundation (FEE) for their grantees.

- Example 1: Strategic Planning Process
Foundation for Community Development (Mozambique)
- Example 2: A Financial Planning Package
Philippine Business for Social Progress
- Example 3: Financial Guidelines and Procedures for Grantees
Esquel Ecuador Foundation

Why Plan for Institutional Development?

Guided by its mission, Mozambique's FDC has created strategic plans to facilitate the foundation's work. Within the context of what it plans to accomplish—economic and social goals as part of their programs—FDC has taken care to also make plans for its own organizational development so it can better meet its goals. Such planning is an on-going process that should be evaluated as the organization develops and new community needs arise. The strategic plan can help define the foundation's needs in terms of funding, expertise and staffing requirements.

Part of a strategic plan is also developing a financial plan that will enable the foundation to carry out the envisioned program and organizational development plans. The Philippine Business for Social Progress has developed a systematic procedure in creating a financial budgeting structure.

When Should Foundations Plan?

Apart from going through intensive planning sessions when their foundation is created, foundation leaders should constantly be reassessing the needs of the community it serves, the strengths and weaknesses of the staff, the financial sustainability of the foundation and the impact of programs on the community. Foundations may choose to strategically refocus their programs, their staff structure, governance structure, or any other aspect of the organization as they grow, as demands and needs change, or as the political or economic context within which they work alters. In the case of the PBSP, the five year financial plan is flexible and refined annually, semi-annually and quarterly.

What Are the Considerations Foundations Should Be Aware of When Deciding to Go Through a Strategic Planning Exercise?

Usually, when an organization is going through a strategic planning process, the staff and Board members are involved in several discussions sessions over varying periods of time. Some organizations such as the FDC, whose strategic plan is featured in this chapter, decide to hire outside consultants to guide the process and put together the final documentation. Others may choose to carry out the planning internally. The organization may decide to focus only on program planning or institutional building rather than every aspect of the organization. These decisions depend on the specific needs and internal staff and board capacity of each organization.

The example from the FDC outlines the methodology used in the planning sessions as well as the outcomes of the discussions.

What Is the Purpose of Having a Financial Management System?

Just like any other nonprofit organization or business, a foundation should have a comprehensive way to keep accounts of incoming and outgoing funds. The budget should reflect the expected costs for running the foundation and for operating programs. The budget can be altered as situations change such as unexpected increase in costs or unusual success in fundraising.

A budget is necessary in fundraising efforts. Transparency in accounting is also sought and expected from foundations by donors. A foundation that gives grants also needs to have a standard guideline with clear reporting instructions that their grantees can follow when reporting on the grant. It can be expected that after operating over several years, a foundation's budgetary projections will become more accurate.

Who Is Responsible for Designing the Budget and Maintaining the Financial System?

During the early stages of organizational development, the Board and staff will need to draw up a budget estimate of operating costs required to run the foundation. The Board will also have to define the policies of financial management such as compensation for staff, travel advances, petty cash and other items. The Finance Manager or Accountant usually takes the responsibility for day-to-day account keeping. FEE also designed a comprehensive financial reporting system for their grantees to follow.

This section draws on the experience of two foundations with established financial management systems. PBSP Financial Managers created forms that lay out the timeline within which each department head must submit a budget plan for the following year. Reporting guidelines that FEE provides to its grantees are also included.

Summary Points

Having an institutional and financial strategic plan can guide the foundation's development over the long-term. The FDC went through a strategic planning session two years after it was founded to focus its programs and overall goals to fit the new political and social needs of the country. Strategic planning helped it to prioritize its institutional vision over the long-term rather than ad hoc programs with only short term considerations.

Preparing a strategic plan can allow for staff and board to be involved in the process of long-term thinking about the foundation. This can create a feeling of ownership of the vision of the organization for the staff and board.

Creating a five year budget plan can help set the parameters for annual budgets. PBSP goes through a strategic planning process every five years which includes the preparation of a five year budget. The plan it develops is flexible and reviewed constantly to account for changes and adjustments. This allows the staff and board to work within set targets.

Having detailed financial reporting guidelines for grantees can help ensure high standards. FEE has a detailed financial reporting system set up for its grantees. The stringent guidelines help ensure high standards of financial reporting. FEE also provides technical assistance to grantees that require assistance in meeting the reporting criteria, which is meant to build their capacity for accountability and transparency.

Example 1

Strategic Planning Process

Foundation for Community Development (Mozambique)

The Executive Director of the Foundation for Community Development (FDC), gives an explanation for the need for FDC to enter into a strategic planning process in 1996:

At the time that the FDC was founded, Mozambique was just beginning to stabilize after years of war. Once we as an organization had hired some of the staff we needed and gained some experience as a grantmaker in our society, we wanted to look at development as a longer term process and to plan for it.

FDC was formally launched in 1994 and was ready to redefine its role with more strategic and long-term vision within a new political context taking into account the arising needs of the communities. An outside consultant was hired to help guide the foundation through the process.

How FDC Engaged Stakeholders in Strategic Planning

In September 1997, FDC of Mozambique held a three-day Strategic Planning Workshop for Board members, staff, and NGO partners with the help of an external facilitator. A main discussion question was assigned to each day of the

workshop. For the first day it was “Where are we and who are we?” Day two covered “What should we do?” The final day’s question was “How should we do it?” The schedule for the first day is given below:

Discussion of methodology, objectives, norms, expectations, how we work
Interventions from FDC leaders and facilitators (30 minutes)

Diagnostic of social, economic, and political environment in the Mozambique community and nation in the 21st Century
Analysis of factors in group sessions (45 minutes)
Presentations and commentary in plenary session (45 minutes)
Analysis of strategic position of FDC, its comparative advantage in the Mozambique context
Analysis of resources and institutional fluxes (45 minutes)
Presentations, analysis, institutional mapping, and discussion in plenary (60 minutes)
Discussion of fundamental values and mission of FDC
Workgroups (25 minutes)
Presentation and discussion (35 minutes)
Identification of priority areas for intervention by FDC
Role playing in external evaluation (75 minutes)
Analysis and discussion (30 minutes)
Lessons for the institutional strategy
Plenary discussion (60 minutes)

In an exercise on the “Identification of the role of the FDC by area of activity,” the board and staff participants in the workshop were asked to fill out five sheets on activities in the areas of 1) policies and strategies for development; 2) institutional development; 3) economic development; 4) social development; and 5) [mobilizing support for] community development.

The instructions were to assign the priority level that corresponds to the importance of FDC’s role in accomplishing each of the activities, with “2” meaning a principal role, “1” a secondary and “0” no role. The sample sheet, from Area 5, is shown:

5. Activities in the area of [mobilization of support for] community development
 - Grantmaker
 - Financier
 - Capacity Builder
 - Networker
 - Advocate
 - Convener
 - Other
- 5a. Co-financing of community development initiatives in partnership with national and international institutions
- 5b. Establishment of agreements with financial institutions to grow the endowment and to increase multi-year support for programs
- 5c. Foster financial institutions that will support productive initiatives on the community level (e.g., credit cooperatives)
- 5d. Foster institutions and the practice of philanthropy in Mozambique (e.g., trust funds)

The outcome of the strategic planning workshop was a draft proposal for a five-year Strategic Plan of the FDC, which contains its overall objectives, its general strategic program objectives, its five specific program objectives for 1998-2002, and the activities to be conducted under each of those five areas. This proposal is given below:

Outcomes of Strategic Planning Workshop

Overall objective of the FDC

To contribute to the eradication of poverty and to foster self-confidence, solidarity, and social justice in Mozambique.

Strategic program objectives for the FDC

- Foster the capacity of Mozambican families and individuals to improve their living conditions and develop their communities
- Promote the growth and capacity building of NGOs and other organizations from civil society to intervene in community development and assure popular participation in their activities
- Foster synergies and mobilize resources from civil society, the private sector, the government, and donors for sustainable community development

Specific program objectives for the FDC for 1998-2002

Social development

- Foster the accomplishment of actions that improve social conditions
- Foster the dissemination of sustainable community development experiences (social and economic)

Activities in the area of social development

- Financing the investment in social and community infrastructure
- Promotion of the role of women in Mozambican society, (principally) through girls education
- Promotion of activities concerned with literacy, education, health, non-formal education, and civic education
- Promotion of the exchange of experiences between agents of community development and the communities

Economic development

- Foster the increase of income for small producers, families, and Mozambican communities

Activities in the area of economic development:

- Financing the productive initiatives of communities
- Financing credit programs for economic initiatives (on the small scale)
- Promotion of access and financing for technical assistance about productive activities for individuals, community groups, and NGOs
- Facilitation of the access of credit and markets for individuals, families, and community groups

Institutional development

- Improve the organizational, technical, and financial capacity of NGOs and CBOs [community-based organizations] to stimulate sustainable community development
- Increase the number and the quality of partnerships between NGOs, CBOs and other agents of community development

Activities in the area of institutional development

- Financing for the institutional capacity building of partner NGOs and CBOs
- Promotion of the rise of new associations, NGOs, and CBOs
- Facilitation of NGO and CBO access to financial resources
- Facilitation of access to financing and technical assistance for NGOs and CBOs
- Promotion of the exchange of experiences and discussion between NGOs, CBOs, communities, and other development agents (e.g. civil society, the government, private sector and donors)

Policies and strategies for development

- Influence the government, the private sector, donors, and other development agents to establish policies and programs favorable to NGOs, CBOs and to community development
- Influence the government and donors to establish a legal and institutional framework favorable to investment in community development.

Activities in the area of policies and strategies for development

- Organization, promotion, and participation in meetings, colloquia, roundtables, conferences, and work groups with diverse partners
- Financing of research programs and activist groups working in favor of community development
- Advocacy and lobbying on behalf of community interests in national and international forums
- Transmit the voice of communities in front of civil society, NGOs, the government, and donors
- Promotion of financial and programmatic policies and strategies that stimulate community development
- Promotion of the establishment of networks of lending services and of financial institutions accessible to urban and rural communities

Mobilization of support for community development

- Foster the creation of the necessary institutions to finance social and economic community initiatives and for an environment favorable to philanthropy in Mozambique
- Establish in the FDC a self-financing and sustainable capacity to co-finance initiatives supporting community development

Activities in the area of (mobilization of support) for community development

- Co-financing initiatives of community development in partnership with national and international institutions
- Establishment of agreements with financial institutions to make possible the growth of the endowment of the FDC and increase the multi-year financing of its programs
- Promotion of financial institutions with the vocation to support productive activities at the community level (credit cooperatives, etc.)
- Promotion of institutions and the practice of philanthropy in Mozambique (trust funds, etc.)

Example 2

A Financial Planning Package

Philippine Business for Social Progress

Philippine Business for Social Progress (PBSP), being an older and well-established foundation has a highly developed and systematic procedure for budget planning which is done annually for the proceeding year. They also prepare a strategic plan every five years with an accompanying five-year budget for the organization's

operations. This budget is flexible and refined each year into annual budgets, and further into semi-annual and quarterly budgets.¹³

Annual Budgeting and Planning Process

Every year, PBSP carries out a budgeting and planning process that involves the staff, the Board and its partners. The process takes two to three months. The process starts at the senior staff level with a review of past performance in terms of revenue and spending figures. The staff also gets a sense of the Board's reading of the environment that will impact on the plans and budgets. Reasonable budgeting parameters are defined; for example, a 15 to 20% cap on operating expenses as a percentage of total revenues, and 75 to 80% of total expenditures going to program assistance. These are communicated to all the units for consideration in their planning and budgeting workshops.

As the units go into the budget process—inputting details, making specific projections—they also include the inputs of NGO partners and donors taken from previously held consultations. All the plans are consolidated into a master plan. All budgets, meanwhile, are submitted to the Finance Unit for consolidation.

Next, PBSP's Directors deliberate on the first draft of the budget and work with each unit on revisions. With these revisions, the staff Finance Officer prepares a second draft for senior staffs' approval and endorsement by the regional Boards.

Then, with inputs and approval of the regional Boards, the plans and budget are presented to the national Board for final approval. These Boards, at their levels, monitor program and budget performance (monthly for the regions and quarterly for the national Board). Comparative figures from previous years are referred to.

These annual planning exercises follow the directions set by the Five-Year Plan determined by the Board to chart PBSP's major development thrust for this period. The Five Year Plan involves a strategic planning process undertaken by the Board with the staff and is reviewed midterm to make refinements in the strategy. The Five Year Plan is evaluated before its closing. Key learning points are identified; these provide input to the next five-year period.

In order to formulate its workplan and budget for its fiscal year 1997-1998, the Executive Director of PBSP circulated to the Management Team a "Planning and Budgeting Parameters/Framework and Guidelines in the Preparation and Submission of FY 1997-98 Work Plans and Budget Proposals." At the base of the process is the Foundation's financial strategy, which generally aims to sustain its development work and operations within the next five years. Specifically, it aimed to meet the following objectives:

- To maximize efficiency of current revenue generation sources and to generate at least P1,015.54 million in gross revenues within five years
- To develop new program and services that will augment current sources of revenues by at least P 20 million per annum
- To maintain a cost effective operations by maintaining a ratio of 20% operating cost to total revenues

The covering memo accompanying the PBSP budget planning contains five pages of instructions and encloses all the budget forms (projected sources and budgeted expenditures) on a diskette, with instructions to guide the team members in preparing their budget estimates. Also attached is a timetable to chart the process, which takes approximately four months to complete. This timetable lays out when each step of the process should be completed. It also assigns the responsible party for each step of the process. The timetable is a useful tool in guiding the budget planning process:

Philippine Business for Social Progress Planning and Budgeting FY 1997-1998

TIME TABLE

DEADLINE	RESPONSIBLE UNIT	TASK
June 23-July 4	Individual & Finance	Preparation of planning and budgeting parameters and guidelines
July 8	4 individuals	Review and approval of planning and budgeting parameters and guidelines
July 9	Individual & Finance	Issuance of planning and budgeting parameters to Units/Offices
July 15-16	Individual	Presentation and discussion during guidelines meeting
July 18	Human Resource Development & Finance	Issuance of projected Personnel costs, Unit's annualized and three-year operating expenses
July 17-Aug. 11	All Units/Offices	Planning and budgeting activities
Aug. 12-26	All Units/Offices	Submission of workplan and budget proposals to Group Director for review and approval, consolidation
Aug. 27-Sept. 3	All Units/Office and all Directors	Submission of unit and consolidated group workplan and budget approved by Group Director
Sept. 4-5	Directors, Administrative Director, Exec. Director	Directors' meeting
Sept. 8-15	Individual, Finance, and Executive Office	Submission of consolidated/master budget group and overall, 1st cut
Sept. 16-Oct. 7	Managers with 3 individuals	Budget hearing (work plans, budget, plans)
Oct. 8-13	FMSG/Executive Office directors	Consolidation for institutional work plan and budget (Group and overall), 2nd cut
Oct. 14-15	FMSG/Executive Office directors	Packaging for work plan and budget
Oct. 16	Regional Offices	Presentation to Regional Board
Oct. 29	Associate Director	Presentation to Board for approval

Another form in PBSP's planning and budget packet is the Schedule of Projected Revenues/Sources of Funds—Membership contributions (MC) and grants and other contributions (GOC). This is one of the forms that is sent to the Management Team members on diskette for their increased ease in filling it out. This form records the projects covered through membership contribution and grants and other contributions and how much of the funds are restricted or unrestricted.

PBSP Schedule of Projected Revenues/Sources of Funds

Membership contributions (MC) and grants and other contributions (GOC)

Key result area	_____
Project name	_____
Name of member	_____
Name of donor	_____
Membership contributions (MC)	_____
Grants and other contributions (GOC)	_____
	Restricted _____
	Unrestricted _____
	Total _____

[The form asks for a list of all sure and unsure sources of funding]

FY97-98 Projection	_____
FY 1996-97 Estimate	_____
FY 1995-96 Actual	_____

Example 3

Financial Guidelines and Procedures for Grantees

Esquel Ecuador Foundation

The Esquel Ecuador Foundation (FEE) was established in 1990 as a grantmaking foundation. The following section outlines the financial management policies relating to grants administered by grantees. Just as Esquel is responsible for reporting to their donors, they have developed formal guidelines that their grantees can follow so that spending can be monitored effectively. The grant agreement signed between FEE and its grantee sets out its strict financial and narrative reporting requirements and disbursement schedules for grant funds.¹⁴

Financial Controls

Esquel Ecuador Foundation has developed “Guidelines for the Control of Financing of Community Projects, Institutional Projects, Productive Projects, Events and Publications, and the Production of Financial Reports.” The purpose of the document is to establish norms and procedures for the financial control of programs, projects, and events and publications that are executed by FEE’s counterparts with financial and technical assistance from the foundation.

Having this document outlining expectations on financial reporting requirements is useful in guiding the counterpart on financial procedures and reduces the risk of misreporting or misuse of funds during the grant period:

General. With external financing the Esquel Foundation will develop, through other NGOs, private institutions, and popular organizations, social development programs, productive projects, and training events.

Esquel must report to the external donors the disbursements made, justification of expenditures, and activities realized during the development of its programs, projects, events, etc. Esquel's counterpart NGOs, private institutions, and popular organizations must report to Esquel on the use of resources and completed activities using financial and technical reports. The financing of programs, projects, events, and publications, will be subject to the annual program which must be approved by the Foundation's Board of Directors.

The first payment. For the first payment the counterpart should present the following documentation to the Administrative and Financial Department of Esquel: the agreement or contract signed by Esquel and the counterpart; consolidated budget; a chronogram of disbursements that constitutes the periodic financial planning; bill of exchange or other type of guarantee to the value of the first disbursement.; names and positions of the persons whose signatures will be on the relevant checks; and name of the bank and number of the current account in which Esquel will deposit the payment.

Second and further payments. The request for disbursement should be accompanied by the technical and financial reports for the previous payment.

Audit control

Income: The received payments should be managed through a current account in the name of the counterpart and the checks should be signed with the signatures of the functionaries designated by the counterpart.

Expenditure: The counterpart should establish the pertinent procedures for the control of expenditures, adjusting to the Universal Principals of Accounting, tax regimes and other pertinent legal norms. Checks should be signed to the order of the direct beneficiary.

Payments that need to be carried out in the field, should be handled through checks signed to the order of the person responsible for the management of the Revolving Fund. Checks should not be made out to the carrier. The supporting documents needed for expenditures include: receipts, bills, and invoices...Expenditures should be ordered chronologically and sequentially so that they match the dates and activities of each project. A copy of the proofs of expenditure and their original justification should remain in the custody of the legal representative of the counterpart, and made available to Esquel when so required. The expenditures should be classified in five groups in relation to the budget: administrative costs; technical costs; costs of training and technical assistance; fixed costs; variable costs; and unforeseen costs.

Petty Cash should be managed by the counterpart and by one person, to be used for small administrative costs. Checks should be made out to the person who manages this.

Revolving Fund will be created according to the specific needs of the project and the decision of the legal representative. The counterpart will give corresponding instructions for the control and managing of this fund.

Budgetary Control. The counterpart is authorized to transfer budget amounts between different parts of one item or between items, except for administrative expenses, by up to 10% of the designated value. To transfer between parts and items of amounts above 10%, the Counterpart should present Esquel with a proposal for the reprogrammed budget supported by a Technical Report. If the proposal is accepted, the Counterpart can proceed, conforming to the corresponding authorization. Changes above 10% that have not been previously authorized by Esquel will not be accepted.

Funds on Earned Interest. Any interest generated by unused funds should be reported to Esquel by the Counterpart and cannot be used for any purpose without Esquel's previous written authorization.

Financial Report of the Counterpart. The financial reports that the Counterpart should elaborate for each Agreement or Contract, etc. are the following:

Report of expenditures: A detailed chronological and sequential report of each expenditure whose value should correspond to the items with monthly subtotals and periodic totals.

Budgetary reporting: A summary of the execution of the budget of the agreement, project, etc. relating to the approved budget, received income, expenditures made, etc. These documents should be written by the accountant and certified by the legal representative of the Counterpart. These financial reports should be sent with the Technical Report by express mail to Esquel.

Supervision and control. Esquel's Financial and Administrative Department will supervise the economic and financial management of the programs, projects, training events and others and, additionally offer technical assistance in administrative, financial and audit aspects. If the counterpart's financial reporting is not satisfactory, Esquel will suspend further payments until any unsatisfactory areas are clarified. If this is not done, Esquel reserves the right to cease payment and take legal action. In order to be able to proceed to the Closing Act, the parts will observe the following steps: financial and technical reports that satisfy Esquel in terms of the use of received payments; total information of the contributions made by the Counterpart, according to the respective agreement or contract; determination of the destination, use, beneficiaries, controls, and goods acquired for the execution of the program, project or event.

These are terms of agreement that Esquel expects from its grantees. Because the criteria used by Esquel to approve and finance projects are generally stricter than those used by other foundations or NGOs in Ecuador, they believe it is essential to provide technical and administrative assistance to grant recipients in order to meet these criteria. The terms, for example, specifically state that "any interest generated by unused funds should be reported to Esquel" and the reporting requirements for grants.

Esquel holds their grantees to these high standards to ensure transparency and accountability, as well as to build their reporting capacities. Under the section of Supervision and control, it is clearly stated that Esquel's Financial and Administrative Department "offers technical assistance in administrative, financial and auditory aspects" for their grantees who do not have systems in place to meet these standards. Esquel's bylaws further reflect the foundation's overall objective to "provide advice and technical assistance to social organizations and any other private or public entities that require it, with the expectation that such technology transfer will be assimilated in a critical manner."

References

- ¹ Del Rosario, Teresita C., *Foundation for the Philippine Environment: A Case Study*. New York: The Synergos Institute, New York, 1997.
- ² Foundation for the Philippine Environment By-Laws and Articles of Incorporation.
- ³ Asia Pacific Forum on Environment Funds Conference Report.
- ⁴ Foundation for the Philippine Environment, *1994 Progress Report*.
- ⁵ Del Rosario, *op cit*.
- ⁶ Tan, Victor E. and Maurino P. Bolante. *Philippine Business for Social Progress: A Case Study*, The Synergos Institute, New York, 1997.
- ⁷ Philippine Business for Social Progress, September 1996 Board Agenda.
- ⁸ Esquel Ecuador Foundation, By-laws
- ⁹ Foundation for the Philippine Environment, Staff Manual.
- ¹⁰ For the duration of the leave of the Director for Program Development, the Supervising Program Officer will report directly to the Executive Director or to the person delegated for specific instances.
- ¹¹ Included bookings for Board and other offices, in absence of Executive Office staff.
- ¹² Foundation for the Philippine Environment, Staff Manual.
- ¹³ Tan and Bolante, *op cit*.
- ¹⁴ Adoum, Alejandra and Angela Venza. *The Esquel Ecuador Foundation: A Case Study*. New York: The Synergos Institute, 1997.



Program Priorities and Operations

Introduction

Each foundation has a mission to accomplish. How will it assign its priorities and determine its program objectives and goals? What strategies and roles will it select for achieving its goals? To answer these questions, foundations often combine strategic planning and consultation with Board, staff, donors, potential grantees, and potential partners in the government and the business sectors. Out of this process emerges a set of programs, both grantmaking and operating, to implement the chosen strategies.

Foundations can take advantage of an array of opportunities to have an impact in their chosen fields. In comparison to many non-governmental organizations (NGOs), they are less constrained to provide specific services and can adopt creative and innovative strategies to achieve their goals and make a lasting difference in their own societies. Unlike Northern foundations that are more likely to use grantmaking as the principal strategy for carrying out their mission, foundations in Latin America, Africa and Asia often pursue a wider range of strategies of which grantmaking is but one. The strategies adopted by the foundations described in this chapter involve them in playing a multiplicity of roles including:

- Providing leadership in tackling issues that have been neglected by others because they are seen as carrying high risk or are considered “too big” to tackle
- Empowering civil society organizations and individuals normally excluded from decision-making through financial support, capacity building and promoting access to information
- Serving as examples to other civil society organizations by incorporating principles (such as transparency, accountability and participation) in their programs
- Incorporating effective systems of monitoring and evaluation into their program management systems to ensure programs have the desired impact and are cost effective
- Introducing government agencies to new and innovative solutions to social and economic development challenges
- Building bridges between civil society organizations, as well as between civil society, government and business sectors, leading to new partnership approaches to problem solving.

This chapter draws on the experience of over a dozen foundations of varying ages and experiences to illustrate how they have taken advantage of their independent status and access to financial and human resources to build innovative and effective programs. The oldest foundation has more than thirty years of experience while the youngest foundations have less than five. They also vary greatly in size, available financial resources and impact. What they all have in common is the desire to make a measurable difference in their respective societies.

The first three sections address the selection of strategies and roles and the identification of clear program focus and program management framework. The following three sections look at how foundations manage the grantmaking process from the review of proposals and the selection of grantees (the term “partners” is increasingly used) to the administration of grants, including grant monitoring and evaluation. The final three sections focus on areas where foundations have been able to make a difference. These are in strengthening the capacity of partner organizations, in supporting innovative income generation programs and in building bridges between civil society, government and the corporate sector.

The chapter is divided into the following sections:

Section 1

Defining Strategies and Role

Section 2

Establishing Strategic Grantmaking Priorities

Section 3

Designing Grant Programs

Section 4

Adopting Grantmaking Practices

Section 5

Establishing Grants Administration Procedures

Section 6

Strengthening Grantee/Partner Capacity

Section 7

Supporting Income Generation Programs

Section 8

Building Bridges Across Sectors

Section 1 **Defining Strategies and Roles**

This section examines how three foundations selected strategies and roles to exercise leadership in overcoming challenges to development in their societies. It explores the complimentary nature of these strategies.

- | | |
|-----------|---|
| Example 1 | Strengthening Civil Society
<i>Foundation for Community Development (Mozambique)</i> |
| Example 2 | Empowering Individuals and Institutions to Overcome Poverty.
<i>Esquel Ecuador Foundation</i> |
| Example 3 | Searching for New Approaches to Sustainable Economic Development
<i>Foundation for a Sustainable Society, Inc. (The Philippines)</i> |

What Critical Choices Need to be Made in Selecting Strategies and Roles?

Once a foundation has defined its mission, vision and broad program priorities it chooses a set of strategies to achieve its desired impact. The review of foundation experience reveals a rich array of strategies that have been developed to achieve that objective. The granting or loaning of resources to enable other civil society organizations to respond to challenges and opportunities is a primary strategy employed by those foundations selected for examination in this section. However, these foundations also adopt other complementary strategies in order to achieve their objectives. These strategies involve the foundation in playing roles other than that of grantmaker.

All foundations face critical choices about the strategies they will use and, by extension, the roles they will play within their own societies. Here are some examples:

- Do existing civil society organizations—community-based organizations (CBOs) and non-governmental organizations (NGOs) have the capacity to implement programs? If not, what strategies could the foundation adopt in order to increase the effectiveness of those organizations? (e.g. through support for coordination mechanisms, better sharing of information or new programs)
- Does the foundation need to play a role in creating new organizations to address specific needs?
- What role should the foundation play in leveraging additional resources to solve current problems in society, and/or prevent future problems?
- Could the foundation take the lead in convening relevant actors to design solutions to specific needs?

- Could the foundation build partnerships between different sectors to implement effective programs that address specific needs?
- Does the foundation want to play a role in making the public sector more effective? If so how can this best be accomplished?

How Are These Choices Made?

The range of possible strategies and roles available to a foundation will be influenced by the needs and opportunities identified, the state of the nonprofit sector and the broader political, social and economic context.

Usually the choice of strategies and roles will be made over time as a result of an ongoing process of broad consultation involving the Board, staff and potential partners.

To illustrate how choices of strategies and roles are made we refer to the experience of three foundations. They are drawn from countries with varying social, political and economic contexts that influence the choices made—for example, different levels of development of civil society. The experiences indicate that in countries such as Mozambique and Ecuador, where few foundations exist, the demands on those foundations to play diverse roles in response to many needs are likely to be great. In situations where support mechanisms for civil society organizations are weak, the foundation is likely also to play a leading role in strengthening the capacity of the sector as a whole. The cases show that in that context both Mozambique’s Foundation for Community Development (FDC) and the Esquel Ecuador Foundation (FEE) have responded by developing a range of strategies to address unmet needs in their societies and multiple roles in implementing those strategies.

In contrast, the foundation sector in the Philippines is large and diverse, reflecting the state of broader civil society. This has meant that foundations such as the Foundation for a Sustainable Society, Inc. (FSSI) have been able to focus their missions more narrowly than their counterparts in Ecuador and Mozambique. They still face many choices regarding the strategies to be adopted to achieve their mission and objectives.

What Types of Strategies Do Foundations Select?

The three foundations, FEE, FDC and FSSI, have adopted a number of strategies in common in furthering their respective missions. Providing financial resources (through grants and other mechanisms) to nonprofit organizations, individuals and community-based organizations to enable them to carry out specific projects is one strategy they share. Other roles one or more of them play involve exercising leadership by:

- Convening civil society and other sectors to design solutions for specific social and economic problems
- Forming inter-sector partnerships to implement action programs or influence government policy

- Promoting individual and corporate philanthropy
- Developing the capacity of organizations seeking to increase economic self-reliance at the community level.

FEE provides an example of how a foundation can play a leadership role at the national level using a variety of mutually reinforcing strategies and roles. For example, it has a goal to support public dialogue on economic and social development issues with a view to building a consensus on what needs to be done. One strategy to achieve this is to convene a Citizen's Forum that brings together civil society leaders with representatives of government and the private sector to discuss policy needs and options. A proposal to create an Anti-Corruption Commission comprising representatives of all sectors of society emerged from this group and was acted upon by the government. Esquel provides the leadership and all the administrative services for the Forum, commissioning research, disseminating the decisions and recommendations of the group to relevant parties and following up on recommendations.

Another goal of the Esquel Foundation is to develop youth leaders capable of influencing national policy. Towards this goal, Esquel convened Youth Fora throughout the country to discuss the needs of youth. This series concluded with a national meeting at which the participants presented recommendations on youth—related policies to presidential candidates. These discussions also helped Esquel identify issues to be addressed in its grantmaking programs. This has resulted in the award of grants to organizations working with young community development volunteers, the creation of a program of credit, technical assistance and venture capital for young entrepreneurs and a focus on the development of income generation programs for youth in the poorest regions of Southern Ecuador. As a complementary strategy, the Foundation also created an internal Youth Advisory Committee to advise its Board.

Summary Points

Foundations can take advantage of their independence to adopt creative and innovative strategies to achieve their goals. One challenge is to ensure the strategies are mutually reinforcing. Below are some of the main strategic options discussed in the chapter.

Foundations seeking to make a difference in their own societies have developed a range of strategies for strengthening civil society and creating vibrant local economies. These strategies include the provision of grants, loans, equity investment and loan guarantees to community-based organizations, NGOs, individuals and research institutions. The challenge is to ensure that in addition to solving specific problems the grants generate new solutions that have the potential for broader impact. In the Philippines case, the selected strategy has been to provide loans and loan guarantees to innovative community-based enterprises that can serve as models for widespread replication. In the case of FEE, the grants to community-level organizations are provided as co-financing and the foundation builds a network amongst “partners” to facilitate learning from experience.

A focus on capacity building can be an important complement to grant support to CBOs and NGOs. All the cases we examine pursue the strategy of providing training, technical assistance and information to NGOs and other civil society organizations as a way of enhancing their role. FDC took the initiative of convening indigenous NGOs on a regional and national level and providing assistance in the creation of a National NGO Forum to promote the interests of the sector. FSSI directly provides business support services to its partner community enterprises or puts them in touch with sources of information and advice.

The convening of civil society organizations with other sectors can be a useful strategy for introducing changes in public policy. As independent actors, foundations can often play an important leadership role in convening civil society organizations to discuss and propose solutions to major issues facing the society. The FDC has brought together nonprofit organizations with representatives of business, government and academia to propose new policy initiatives on a range of issues facing Mozambique in the post-war reconstruction period. These include the role of NGOs and policies towards girl’s education. In Ecuador, the FEE took the risk of convening different sectors to explore ways of combating corruption in public life.

Foundations can play an important role in encouraging the growth of local philanthropy. Foundations are able to use creative approaches to mobilizing more philanthropic resources from individuals and corporations in their own societies for social and economic development programs. This involves support for research and dissemination on philanthropic practices and the provision of technical support to the staff and Boards of corporate foundations wishing to increase the effectiveness of their programs.

Example 1

Strengthening Civil Society

Foundation for Community Development (Mozambique)

In examining the emerging strategies and roles of the Foundation for Community Development (FDC) it is important to bear in mind that it was one of the first indigenous nonprofit organizations and the first foundation to be created in Mozambique at a time when the country was moving towards a peace agreement ending over a decade of civil war. As a result the foundation, launched in May 1994, faced enormous needs and demands and a difficult challenge in deciding on its program emphases (and, by extension, what not to emphasize) and strategies for implementing these programs. The following are the major strategies the foundation chose to adopt in order to achieve its goals:

Carlos Fumo, the Executive Director of FDC described the overarching role FDC attempts to play:

FDC is a bridge between resources and the poor. Not only financial resources, but resources in terms of power, intellectual and technical resources. We use key terms like ‘facilitators of the development process’ to describe what we do. We are promoters of local philanthropy—networkers—and we play a convening role in bringing together different sectors of society. But above all, an important role of the FDC is to build synergies that start from the community level up to the district level, the national level and the international level. The need is to bring all these levels together to think together, plan together and create synergies.

Our comparative advantages in playing these roles are several. Having our own resources is very important. We are a civil society organization that generates resources. This puts us in a position to play roles that organizations that do not generate resources cannot play. Another important advantage is that we are a national, Mozambican organization. The knowledge we have of Mozambique facilitates our involvement and helps us to revise our roles depending on the historical context.¹

Leadership at the Policy Level

From its inception, FDC has adopted a leadership role in advocating policies to create a better environment for civic action in Mozambique.

In the words of a founder of FDC, Graça Machel, who serves as President and Chair of the Board:

We can bring the elements of society together. We can mobilize a cause, which is to create the space to debate and help shape national policies.²

FDC catalyzes policy dialogue by convening the nonprofit, government, business and academic sectors to discuss new policy initiatives and specific action on major issues facing Mozambique in the post-war reconstruction period. Topics have included the role of NGOs and options for stimulating income generation at the community level.

FDC has also convened international, regional and national conferences on such diverse issues as:

- Anti-personnel land mines
- Economic investment in Mozambique
- Civil Society in southern Africa and the role of new philanthropic institutions
- Protection of children of war (involving over 30 NGOs)
- Democracy and Investment (involving business people in southern Africa, the US and Mozambique)
- Systems, institutions and credit for the poor (in collaboration with the Dutch NGO HIVOS)
- Role of NGOs in the Implementation of the National Program of Natural Resources Management (in collaboration with the Ministry of Environment)
- Grantmaking foundations and organizations in southern Africa (in collaboration with the Kagiso Trust of South Africa and Synergos)
- Girls' education in Mozambique (in collaboration with the Ministry of Education)

Leadership in the Development of Local Philanthropy

FDC has also played a role in encouraging increased philanthropic giving at the individual and corporate levels both nationally and regionally. Graça Machel is a leading thinker and actor in the field of philanthropy, not only in Mozambique, but also in other countries in southern Africa, and is a frequent speaker on the subject at national and regional conferences. Below is a description she gave of FDC as a promoter of local philanthropy taken from a 1998 Board presentation.

FDC itself represents one example of the emerging national philanthropy working in institutional models which never before existed in Mozambique. In this regard, FDC mobilized resources from intellectuals, CBOs [community-based organizations], enterprises within Mozambique... such as Manica Freights Service, Companhia De Cervejas De Moçambique and also foreign companies such as Coca-Cola.... With those funds FDC supported the construction of schools under girls education program[s] in Morrumbala, Pemba Metuge, Maputo, Gondola, Nampula City and Lalaua.

Strengthening Mozambican Civil Society Organizations

FDC has as one of its major objectives the building of a strong, independent civil society sector throughout the country. To achieve this it works on different and complementary levels. First, it played a leading role in promoting national discussion on ways of shaping a legal and fiscal environment that would encourage the growth of the nonprofit sector. Starting in 1990, when the foundation was still in its planning stages, the founders worked with government officials to propose legislation that would facilitate and encourage the creation of foundations and other nonprofit organizations. This legislation was adopted. For example, private companies are permitted to donate up to 5% of their previous year's profits to social and economic development programs free of tax. The close links of Graça Machel, Chair of the Board, and other Board Members to the government facilitated this process.

Since that first endeavor, the foundation has continued to use its contacts to convene civil society organizations and advocate for their collective interests. In 1996, FDC supported eleven roundtable meetings throughout the country that brought together local civil society organizations to explore how to create better collaboration among them and the possibility of establishing representative bodies. At a FDC-sponsored meeting in November 1997, Mozambican NGOs, subsequently decided to create local level NGO fora and a National NGO Forum. The coordinator of this process is currently housed at the FDC office and receives the support of the Foundation.

FDC has emphasized building international contacts with NGOs in the region and globally as a way of building its capacity, increasing its impact and bringing additional technical and financial resources to Mozambique. FDC is a member of both MWENGO (Mweleko wa NGO—NGO Reflection and Action) and the Southern Africa Grantmakers Association. The CEO of FDC is also a member of a steering committee created to strengthen grantmaking foundations in Southern Africa. FDC partners with Synergos in the US and, through Synergos, has established links with foundations in Latin America.

FDC has helped international development programs establish operations in Mozambique. For example it supported the Forum of African Women Educationalists to open a Mozambique office. FDC also served as the home to the International Group on Landmines. In this capacity it helped encourage the government of Mozambique to sign an international convention banning the use of landmines and to convince other Southern African governments to follow suit.

FDC's efforts to raise the voice of civil society on the social and political agenda in Mozambique have been substantial. It promoted the formulation of the Tax Incentive Law encouraging private corporations to sponsor philanthropic initiatives. FDC also took on the challenge of advocating for the cancellation of the country's debt. FDC modestly co-financed and participated in working groups focusing on the Land Law Campaign and the promotion of a microcredit network.

Another way in which FDC has supported and continues to support the nonprofit sector is by organizing capacity-building workshops for NGO staff at the regional and national levels. FDC co-financed training of members of specific NGOs such as the Association of Young Farmers and the Association of Physically Disabled Soldiers. They have also sponsored training in accounting, project design and management skills for national NGOs based in three provinces, Maputo, Manica and Zambezia. In addition, FDC has facilitated 'experience exchanges' within the Mozambican NGO sector, as well as between it and those in other countries. In May 1996, FDC hosted a conference of grantmaking foundations from Southern Africa to promote the exchange of learning on resource mobilization, institutional development and program development. FDC also organized with Synergos a visit by a group of local NGOs to Brazil. This provided leaders of Mozambican organizations working on women and children's issues with an opportunity for peer learning and exchange.

Co-Financer of Community Development Projects

A third major role played by FDC is to provide direct support for community-initiated development activities through grants to community organizations or local NGOs. FDC calls this process “co-financing” because it involves not only giving resources to communities but assisting them and others to place a specific value on the community’s resources and assets as a significant contribution toward the success of their initiatives.

As a co-financer for the social and economic development efforts of communities, FDC offers or plans to offer the following financial services:

- Grants to communities and NGOs to fund community initiatives
- Credit for micro-enterprise development
- Community revolving loan funds placed in the hands of communities to support projects they deem priorit.³

In conclusion, FDC perceives grantmaking as only one component, though a critical one, of its efforts to build a strong and active network of local NGOs and other civil society organizations in Mozambique.

Example 2

Empowering Individuals and Institutions to Overcome Poverty
Esquel Ecuador Foundation

The Esquel Ecuador Foundation (FEE) was established a decade ago in a country with relatively few foundations. It has thought carefully about how best it can achieve its major objective— supporting the efforts of civil society to confront poverty by empowering individuals and institutions. It has considered how to develop new strategies for overcoming poverty by looking at the underlying causes. In addition, in considering strategic options, it has examined what other organizations (both governmental and private) do in order to determine where the gaps are and where the Foundation can provide added value.

Like FDC, it has chosen to take on a leadership role by convening civil society organizations concerned with influencing national development policy. It also sees itself as playing a critical catalytic role together with these organizations to propound wider adoption of effective approaches to building community assets. This complements its role as grantmaker supporting micro-projects at the grassroots level.

In addition, it has chosen to take a risk in developing new approaches to the provision of venture capital and credit to community enterprises, also as a complement to its grantmaking program (this will be examined in Section 7). Finally, it has taken on the task of coordinating research on local philanthropic practices with a view to increasing the flow of resources into the nonprofit sector (see Section 8). These roles taken together position the foundation as a catalyst for change and a force to strengthen the nonprofit sector.

Esquel speaks in terms of five major roles to achieve its mission, described in its 1997 Annual Report as follows [condensed]:

Networker

Esquel works with local organizations that execute the development projects we support. Esquel works with a network of partners—individuals and institutions—a strategy which takes advantage of local capacity, empowers the individual members, leverages resources and creates synergy. Esquel works in partnership with more than one hundred nonprofits and grassroots organizations around the country.

Co-Financer

...Esquel [co-finances] community development projects through grants, loans, investment capital and revolving funds. Normally Esquel finances about half of the total project cost. The other half is the ... community's contribution[including] labor, land, machinery, physical infrastructure, and other types of contributions.

Capacity Builder

Esquel works to build the local capacity of community-based and non-governmental organizations so they can continue their development efforts in an efficient and sustainable manner. Since operational and administrative skills are often weak, Esquel offers training and continually supervises the projects to guarantee their efficiency, sustainability, and a high level of ethics and transparency in the reporting of funds. We believe that these participatory and training mechanisms help these organizations obtain the skills they need for a more secure future...By helping these organizations to improve their management skills, Esquel strengthens civil society as it contributes to the success of the specific projects in which it is involved.

Supporter of Dialogue in Search of Consensus

Esquel believes that continuous public debate and the search for consensus in Ecuador about development issues needs to increase for there to be lasting social and economic change. Our program, The Citizen's Forum, is an opportunity for citizens, who never before have come together to discuss their opinions, to meet and discover that their points of view were not as different as they thought. This convening power allows us to introduce new topics, which previously had limited dissemination, such as gender issues and the environment. For the study and debate of youth issues, we created the Youth Forum, which has contributed to the development of a new type of leader and to the greater awareness of youth issues.

Promoter of Social Responsibility

Since its creation, Esquel has dedicated a significant part of its efforts to increasing the participation of citizens, individuals, organizations and businesses in development efforts. Esquel believes that citizens and businesses have a social responsibility to contribute to the solution of problems that affect the general population. We are constantly working to increase people's participation in the improvement of their neighborhoods, schools and cities.⁴

Esquel has refined and further developed these strategies over time but basically they are the same ones the founding group identified. At that time, they responded to a clear need for leadership in civil society that no one individual, organization or group was providing. The foundation remains comfortable with these roles and priorities. In later chapters we will explore some of these strategies in greater depth.

Example 3

Searching For New Approaches To Sustainable Economic Development *Foundation for a Sustainable Society Inc. (The Philippines)*

Consultation in Defining Roles and Strategies

The Foundation for a Sustainable Society, Inc. (FSSI) is a foundation with an endowment arising from a debt-swap between the Philippine and Swiss governments. Its mission, roles and strategies grew out of a two-year planning process (1993 to 1995) led by major Philippine NGO Networks with existing local foundations playing a major part. During these discussions, founders drew on the experience of other foundations including the Foundation for the Philippine Environment, another endowed foundation created with the strong participation of the NGO sector. They also reviewed existing programs focusing on economic empowerment of the poor. As a result of this consultative process, and taking into consideration the intentions of the Philippine and Swiss governments and the NGO community, FSSI drafted this mission:

To serve as a resource institution for the economic empowerment of organized marginal rural and urban communities in the Philippines.⁵

A major difference between the Philippines and the previous two cases (Mozambique and Ecuador) is that the Philippines had a more developed foundation sector. It has over one hundred grantmaking foundations, most of them focusing on issues of poverty.⁶ With many other organizations already actively engaged in channeling resources to civil society organizations, it was particularly important to identify a clear niche that was not already being filled.

An active set of thirteen NGO networks existed under the coordinating umbrella of an organization called the Caucus of Development NGO Networks (CODE-NGO). Representatives of these networks led the consultations that determined FSSI's mission and objectives and some became members of its Board. It is not surprising, therefore, that FSSI has a narrower objective and more limited roles. It does not play a major convening role (except around strategies for economic empowerment), nor does it play a leadership role in broad areas such as building the NGO sector or promoting philanthropy, as these are roles of other organizations.

Out of the lengthy consultation process came the identification of a number of strategies to be implemented to further its mission. The following three strategic thrusts have been adopted [emphasis added]:

- Develop models and “winners” that maximize impact across ecosystems through different economic activities
- Build partnerships with key players who can supplement, complement, or better implement the Foundation's services

- Innovate with new instruments and institutions that can respond to the changing needs of beneficiaries⁷

In implementing these strategies, the Foundation has taken on the following roles as [emphasis added]

- An active seeker and advocate of business opportunities that have strategic value in bringing about economic empowerment
- A source of financial assistance (loans, guarantees, equity investments and grants) and business support services (market assessment, planning financial management etc.), whenever possible in collaboration with other resource institutions
- A catalyst in bringing together the resources of Philippine development institutions, both government and private sector, towards the establishment of an institutional funding mechanism that invests in sustainable production enterprises
- A contributor in the implementation of the Philippine government's antipoverty programs
- An initiator and maintainer of a participatory planning process⁸

As an illustration of how roles can relate to broad strategic thrusts, what follows are more specifically defined strategies that FSSI adopted in pursuit of its mission.

1. The central strategy for the Foundation's action in pursuing its mission is the identification of innovative economic empowerment projects with the potential for replication. The Foundation then provides the essential financial and technical resources to support the development and evaluation of those projects. This proactive role involves support in identifying markets and building business capacity, designing a participatory planning process and evaluating business performance.
2. A second strategy is to build bridges to additional sources of technical and financial support in order to permit replicability and increase impact on the national level. This strategy requires skills in advocacy.
3. A third strategy is to work with partners in both the government and non-governmental sectors to create innovative mechanisms of support for the small and medium sized business sector. In implementing this strategy, the Foundation has to be catalytic and build collaboration with other institutions.⁹

The Foundation has required the following skills on its staff and board:

- Skills in all stages of enterprise development
- Individuals with contacts to sources of finance and technical expertise in the government and business sectors, nationally and internationally
- Individuals who can build bridges to other institutions in order to increase program impact

Build Partnerships with Key Players

Looking at some of the cases in which FSSI has sought to build partnership (its second strategy) also offers insight into how it works to develop winning models and innovative instruments (its first and third strategies). FSSI aims to leverage new sources of finance and technical support to promote the replication of projects it supports. Towards this end, FSSI often looks for private sector partners that are prepared to share expertise and finance.

For example, FSSI established a successful joint venture with a private company, Junboken Enterprises Inc., to provide technology, marketing and financing to small coconut enterprises producing anti-erosion systems and natural growing media. This initiative has the potential to positively impact the lives of the 25% of the Philippine population who derive their income from the coconut industry. In order to benefit another 25% of the population that is dependent on the country's dwindling marine resources, FSSI has also established links with private companies at the forefront in developing new products and markets for the seaweed industry.

Experience in developing new partnerships with banks and financial institutions has, on the other hand, produced mixed results. In one successful initiative, FSSI developed a program whereby it made special deposits in selected rural banks and cooperatives to encourage them to lend to small enterprises. FSSI and each recipient institution entered into a written agreement stating the criteria for selecting loan recipients. The program resulted in increased availability of funds to small-scale borrowers using the capacity of existing institutions and placing little additional administrative burden on FSSI.

A second initiative aimed at banks and financial institutions proved unsuccessful. FSSI attempted to create a new Guarantee Facility for Small Enterprises administered by the Banker's Association of the Philippines and the Credit Guarantee Corporation. Because the two administering organizations knew FSSI was guaranteeing the loans they tended to be less cautious than they should have been. The result was that FSSI had to cancel the debts of a number of failed enterprises. The two banking institutions ended up being the main beneficiaries of the arrangement. As a result of the experience, which was made worse by the fact that it coincided with a national financial crisis, FSSI terminated the agreement with the two organizations. In the future, FSSI plans to reduce its risks by directly guaranteeing loans to a few carefully selected enterprises, with assured markets for their products and the potential for replication.

In other cases, the Foundation established partnerships with other nonprofit organizations to increase the reach and impact of its work. For example, an agreement was reached with the Foundation for the Philippine Environment to establish a co-financing arrangement for sustainable agriculture projects in areas with threatened ecosystems. This is an arrangement that takes advantage of the different expertise and areas of operation of the two foundations.

In other cases, rather than create a partnership, FSSI played a bridging role—linking nonprofit organizations to information and advice on technology and markets or other sources of funding—often providing personal contacts to facilitate the process. An example of the bridging role is where FSSI staff link specific enterprises to individuals on the staff of private corporations who agree to provide free advice on such issues as marketing strategies. In some instances, FSSI will arrange meetings between groups of partners and corporate leaders. This bridging function can be as or more important than the provision of funding.

Another example of FSSI's bridging function was when FSSI hosted a visit from the incoming government's Anti-Poverty Commission in 1998 to introduce the work of FSSI partners. Out of this exchange came new potential opportunities for

government funding and co-financing. FSSI's experience in supporting small and medium enterprise development through a combination of grants, loans and technical assistance as a way of empowering the marginalized sector of the Philippine population will be discussed further in chapter 3.7.

Section 2 **Establishing Strategic Grantmaking Priorities**

The following section addresses the issue of establishing strategic priorities for grantmaking programs. It looks at how foundations have selected issues and geographic focus in order to achieve impact. It also explores the issue of how foundations adjust their programs in response to new needs and opportunities.

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|-----------|---|
| Example 1 | Leveraging New Innovative Approaches
<i>Children and Youth Foundation of the Philippines</i> |
| Example 2 | Rethinking Grantmaking Priorities
<i>Equal Opportunity Foundation (South Africa)</i> |
| Example 3 | Broadening Priorities in Response to New Opportunities and Resources
<i>Foundation for Higher Education (Colombia)</i> |

Identifying Thematic and Geographic Priorities for Grantmaking Programs

How does a foundation determine the precise nature and scope of its grantmaking program? The mission provides the overall framework for what the foundation aims to achieve. The Board, with the support of staff then determines how the foundation will fulfill its mission with the resources available or that it will raise. Sometimes this is achieved through a strategic planning process involving various combinations of Board, staff, and external consultants. In cases where the foundation is involved in convening events, these may serve as a means of identifying needs and challenges not currently being addressed.

Some Steps in Determining Strategic Priorities

The following were some steps taken by foundations in this chapter to determine their strategic priorities.

Defining the Foundation's Policy

Board and staff, make a variety of decisions that define policy and give shape to the grantmaking program. Two of the key policy decisions made by foundations in this section were:

- Whether and to what extent the foundation will operate its own programs and how these will complement its grantmaking function
- What is the philosophy and methodology behind the foundation's grantmaking effort

Needs Assessment

Conducting a needs assessment can help the foundation decide on its strategic priority issues. The foundations in this section have found that a strategy with a focus on tackling specific issues is more likely to have a measurable impact than one addressing too wide a range of problems. A needs assessment can help determine whether or not the grant program will target specific communities such as women, children, youth, indigenous people, ethnic minorities or victims of human rights abuse. The assessment can also help determine the geographic areas where the greatest needs and opportunities may lie. It may also examine how existing organizations (government and non-government) address these needs and what measures could be taken to increase their effectiveness. Finally it may attempt to survey future areas of need and gaps in existing service provision.

Continuous Reappraisal of Program Priorities

For most of the foundations in this section, evaluating their programs and progress is a normal and important part of their work. These evaluations can show weaknesses and strengths that will, at times, suggest new priorities for the foundation. Where major changes in the political landscape occur such as the inauguration of the democratic government in South Africa, foundations may take a fresh look at their program priorities. Such was the case of the Equal Opportunity Foundation (EOF) in South Africa that decided to change its program priorities in the light of changes in the funding situation for the nonprofit sector that followed political changes. Other foundations find that dramatic increases in their available funds present them with opportunities to expand the geographical and thematic scope of their grantmaking programs. Such is the case of the Foundation for Higher Education (FES) in Colombia.

Summary Points

Needs assessment can assist foundations in determining grantmaking priorities.

Foundations derive valuable information to guide their grantmaking program from systematic needs assessments. These enable them to identify all the relevant organizations active in a given sector, such as women's rights, the strengths and weaknesses of their respective programs and gaps in the provision of services. They also help the foundations identify ways in which they can best support the work of those organizations.

Foundations need to establish a clear program focus by theme and/or geography. To avoid dispersing their resources and energies too widely, foundations seek a clear focus for their work. Options are to select grantees by theme/target group and/or location. In the case of CYFP in the Philippines, grantees were selected by theme and by region, with a focus on children and youth in need in the least served and poorest regions of the country. Later the thematic focus was further narrowed to concentrate on issues such as the prevention of child abuse and exploitation.

Program priorities may change in response to new opportunities and resources. The FES case describes an evolution in program scope from a narrow thematic and geographic focus (support for higher education in one city) to one that seeks to impact on selected areas of social policy at the national level. In the process of expanding the program FES identified the need to strengthen existing nonprofit organizations delivering services and so designed a specific program component to deliver financial and technical support to that sector. Program expansion was made possible by the foundation's success in generating additional resources.

Program focus may change in reaction to macro-political transformation. Where major changes occur in the national political environment such as from a non-democratic to a democratic government, the foundation may wish to re-examine its program focus. The EOF reviewed its grant program priorities following the installation of a democratic government in South Africa. This political change ushered in changes in government funding priorities and a shift in foreign donor preferences. Reacting to these changes and a review of current needs in areas addressed by current programs the EOF Board decided on new program priorities in under-funded fields such as early childhood education.

Example 1

Leveraging New Innovative Approaches

Children and Youth Foundation of the Philippines

How CYFP determined its focus

The Children and Youth Foundation of the Philippines (CYFP) was created in 1993 by two US-based foundations – the International Youth Foundation (IYF) and the Consuelo Zobel Alger Foundation. Research contracted by IYF to assess the needs of children and youth in the Philippines and what funding was available to respond to those needs determined that a new local grantmaking foundation should be established. The organization that resulted from this decision took on the mission to:

[I]mprove the conditions, prospects and quality of life for children and youth, ages 5 to 20 throughout the Philippines.¹⁰

Translating this ambitious mission into a feasible set of programs that would accomplish the desired impact was the first challenge the foundation faced. With a planned starting budget of only US\$500,000 and faced by a significant challenge (there were 32 million people below the age of 20 in the Philippines, of which over half lived under the poverty line), CYFP had to quickly decide how to target its grantmaking. The Board decided that CYFP: a) was primarily a grantmaking foundation and, b) would select organizations it wanted to fund rather than publish requests for proposals. CYFP would then seek to partner with these organizations around areas and issues that they shared in common.

As a preliminary needs assessment CYFP commissioned a study to survey the universe of organizations working directly with children and youth in need. This resulted in the preparation of descriptions of two hundred organizations, mostly registered non-governmental organizations, of which CYFP asked thirteen to prepare grant proposals in order to launch its program.

Towards CYFP's goal of increasing the quality of services to target groups in its priority geographic areas and advocating for their needs, it selected the following three strategies:

- Identify, strengthen, expand and replicate existing children and youth programs that demonstrate effectiveness
- Provide grants to organizations implementing these programs
- Strengthen the capabilities of indigenous organizations working for the sector¹¹

Stage One (1993 to 1997): Support for “Model” Programs with a Geographic Focus

Through its grantmaking, CYFP sought to identify and support “model” programs in child and youth programs. By focusing on supporting and evaluating programs that work, CYFP felt it was strengthening successful programs that could be broadly shared and replicated. The task of identifying potential models was continuous. In carrying out this task, CYFP conducted its own surveys of organizations and received recommendations from university departments, government agencies, and NGOs throughout the country.

The purpose of its grants was to help organizations (referred to as “partners”) increase the impact of their work. In addition to grants, CYFP provided opportunities for its grantees to share learning and information through staff exchanges. Through membership in YouthNet, an international network of youth organizations coordinated by IYF, CYFP's grantees also had access to other approaches and information.

CYFP decided against setting up and running its own programs. However, in its support of other organizations run by individuals with clear vision and strong skills, it did on occasion provide consultants to assist in the development and monitoring of new programs.

CYFP concentrated its grant program in the five least served and poorest regions of the country. It was thought at the time that concentrating on the geographic areas with the greatest need would enable the foundation to maximize its impact. In planning sessions involving the program staff, CYFP developed an approach called “area management.” Under this approach the Foundation assumed the role of linking together partners in selected areas in order to sharpen their impact and facilitate the sharing of experience.

In addition to focussing on the five poorest regions CYFP also decided to support projects in the capital region as a means to gain greater visibility and be in a better position to work with policy makers. Within the five geographic areas and the capital region, and informed by the results of its needs assessment, CYFP focused primarily on support for partners addressing the following issues: street children, indigenous children, exploited children, child-survivors of armed conflicts and disabled children.

Stage Two (starting in 1997): CYFP Moves from a Geographic to a Sharper Program Focus

According to Fely Rixhon, CYFP’s Executive Director, when the staff were evaluating CYFP’s progress in 1997 “we realized our limited funds would not go far if we concerned ourselves with many programs. We decided we would achieve greater impact by focusing on a few selected program areas.”¹² The staff recommended to the Board a change from its area management approach to one that focused on particular issues. The Board agreed and the founder, the board chair and the executive director met to select the areas of specialization. They chose four program areas:

- Prevention of child abuse and exploitation
- Promotion of justice for children and youth
- Enhancement of the economic potential of disadvantaged children
- Promotion of alternative and culturally sensitive education for indigenous children

They found that the majority of CYFP’s existing partners would still be supported as their programs fell within these areas. At that time, CYFP also decided that program staff would become “program specialists.” Each would develop in-depth knowledge and experience in one of the program areas and would be proactive in seeking out new partners working in the selected program areas.

In the 1997 Annual Report, Jaime Augusto Zobel de Ayala II (Chair) and Patti J. Lyons (Founder President) described how the lessons of the first four years helped the Foundation decide on the focus for its future programs [emphasis added]:

Its experience of four years in judiciously assisting children and youth programs has given CYFP a clearer and deeper view of the target sectors and their needs. Thus from this broad vista, the Foundation has pinpointed strategic areas where it could make the greatest impact. It is now toward these areas that attention and resources are being directed.

In terms of primary clientele, the poor, the marginalized and exploited children in both urban and rural areas have become the focus of assistance. Foremost among these would be street children, the sexually abused, those forced to work or sell their bodies for a living, children exposed to violence, out of school youth, and indigenous children and youth.

Also, CYFP has zeroed in on four program thrusts as a result of this focusing: prevention of child abuse and exploitation, promotion of justice for children and youth, enhancement of the economic potential of disadvantaged children, and promotion of alternative and culturally sensitive education for indigenous children. ¹³

CYFP also became aware during this second stage of the need to combine support for institutional strengthening (guided by the setting of performance standards) and impact evaluation with research into practice and policy. It sees continuous evaluation as helping to ensure programs are achieving the desired results. This evaluation involves an important “external” component through a staff member of the Consuelo Foundation, trained in evaluation methodology. These evaluations have been important in showing ways in which program impact can be strengthened. For example, evaluation of programs working with street children showed the critical need to provide complementary support to families and communities once children are reintegrated with their families in order to avoid relapse.

As a result of its early experience, the Board saw the need and the opportunity to take on an advocacy role in influencing policy-making, drawing on the experience of its partners. This was considered a vital complement to the support being provided to organizations grappling with the needs of the ground. It was therefore decided to complement grantmaking and technical support with advocacy initiatives in the National Capital Region by working closely with coalitions of NGOs concerned with the welfare of children and youth.

Example 2

Rethinking Grantmaking Focus

Equal Opportunity Foundation (South Africa)

Before 1994, the Equal Opportunities Foundation (EOF), which was created in 1986, supported a broad range of anti-apartheid initiatives including educational scholarships and a range of programs providing capacity building and skill training for people in South Africa marginalized under the apartheid system. After 1994, however, the political and economic context in which non-governmental organizations were operating in South Africa changed dramatically with the end of apartheid and the inauguration of a democratically elected government. Foreign donors, who previously could not work with the South African government, were now channeling their resources to government instead of NGOs. The nonprofit sector was undergoing significant change. The competition for funding was causing many organizations to fold.

How EOF Re-Determined Its Grantmaking Program Focus

In 1998 EOF began re-determining its program focus. Executive Director Anne

Emmett described the process as follows:

For us, integral parts of this process were determining our vision, mission, objectives... In relation to developing objectives, key areas addressed included:

- Grantmaking program
- Human resources program
- Financial management program and fundraising
- Administration program
- Program co-ordination

All of the above are inter-related in realizing our mission¹⁴

Both staff and Trustees participated in the process and an external organizational development specialist was hired as facilitator.

As part of this review process the Foundation undertook research in nine of the poorest provinces of the country to determine social needs and to identify all other support organizations (government and non-governmental), as well as the areas they funded. The analysis of the research results led to the recommendation to close some program areas as it was clear they were being adequately funded from other sources. For example, it was determined that both the government and corporations were very active in the field of educational bursaries, and that the government was also engaged in the area of popular culture.

At the same time, the Foundation assessed its own resources and capacity. Weighing this assessment and the research results together enabled the Board to reach agreement on a new program focus.

The Foundation decided to work in the following four sectors in all nine provinces surveyed: early childhood development, income generation, women and gender and primary health care. Within these, priority was to be given to the Early Childhood Development Program which was to receive 40 percent of the total grant budget. This decision was made because of the size of the sector, the legacy of neglect of the sector under apartheid and the clear evidence that support for this sector could contribute to the reconstruction and development of the country by laying the basis for life-long learning.

Example 3

Broadening Priorities in Response to New Opportunities And Resources *Foundation for Higher Education (Colombia)*

The Foundation for Higher Education (FES) grew over a thirty-five year period from a modest beginning to become one of the most influential grantmaking foundations in Latin America. Its experience shows how a foundation can broaden its portfolio of programs by identifying new needs and opportunities and mobilizing the human and financial resources required to respond to those needs. Because of its ability to generate funds (helped by a favorable legal environment that enabled it to become a commercial financial services provider) and the vision of its leadership, it has been able to have an impact at a number of levels. Its programs range from policy research in the health and education sectors to the creation of innovative financial mechanisms to support the institutional development of NGOs. The case

shows the importance of having clear goals and of being strategic in selecting program fields.

1964-72: Support for One University

The original mission of FES Foundation was to help one public university in Cali (Universidad del Valle) meet its cash flow and program expenses. It started life as a channel for research grants from US foundations such as the Rockefeller, W.K. Kellogg and Ford Foundations. Contacts with US universities, facilitated by the Ford Foundation, generated the idea of gradually building an endowment.

1972-1980: Broader Support for Higher Education and Research

The first major change in its program came in 1972 when FES decided to separate from the University del Valle. This decision was sparked in part by political conflict at the university which made it difficult for the foundation to carry out its activities, and partly because FES had created a successful model for financing research programs which it was keen to share. This led to an extension of the geographic scope of its programs in order to share the successful model with other institutions of higher education, as well as other NGOs in Colombia, and was the first step towards broadening the foundation's vision and role in Colombian society.

FES's ability to take on support for a wider range of programs was greatly increased by the decision in 1974 to transform FES into a Commercial Financial Services Company (a specific type of financial institution under Colombia law) without losing its social mission and its nonprofit status. FES found within the financial world an opportunity to increase its economic resources; it was enabled to fund its own programs and support other initiatives by local NGOs. In broadening its programs the foundation also benefited from increasing interest among international organizations for the support of applied research in social development.

Among its new programs FES decided to support the development of new health service delivery models, a multidisciplinary center for rural development research and a partnership with a foundation supporting new science education methods in rural schools. Increasingly FES became aware of advantages in developing partnerships with other nonprofit organizations and government institutions, such as the center and the foundation. This approach enabled it to increase its impact and attain greater visibility at the national level. The Foundation saw itself as playing an increasingly important role in generating knowledge (FES uses the term "intellectual capital") for the government and the wider community on options for policy and practice in different sectors of social policy.

In 1977, the Board approved the broadening of the foundation's program priorities to include:

- [Financing research; establishing a prize for the best research work on social development](#)
- [Providing permanent scientific and academic funds \(Managed Funds\)](#)

- Supporting research on the problems of higher education in Colombia
- Financing cultural projects¹⁵

1981-1988: Increasing Commitment to Social Development

The next significant change in program priorities came in 1980 in response to a challenge by the Vice President for Social Development to use the foundation's increased income from its financial services to achieve greater social impact. The Board approved an ambitious redefinition of FES' charter as follows [emphasis added]:

The Foundation will have as its general objective the promotion of the social development of the country, mainly giving its support to education, scientific and cultural programs that will contribute to improving the quality of life of the whole population, with emphasis on the most socio-economically deprived groups.¹⁶

Based on this new policy statement, the staff prepared a General Plan for Social Action that identified priority areas and programs:

Education

- Promotion of rural education
- Quality of education
- Promotion of institutional capacity for research

Economic and Social Development

- Institutional and community development
- Generation of employment and improvement of family income

Health

- Improvement of healthcare and its administration
- Promotion of institutional capacity for research in health

Environment and renewable natural resources

- Management of natural reserves and regional development
- Environmental education for self sustained development
- Institutional support for conservation NGOs

This sets out FES' thematic foci within the broad field of social development with support being provided for both applied and policy research and innovative action projects at the community level. A common thread running through all the program priority areas is capacity building, retraining and education with a particular emphasis on management training. FES program guidelines state that financial, technical, promotional and administrative support will be provided to:

- Organizations and programs aiming to improve the quality of life of disadvantaged social groups
- Educational institutions, especially universities
- Scientists and research institutions addressing national problems
- Community participation in efforts to solve community problems
- NGOs and the private foundation sector active in Colombia, both national and international
- Government¹⁷

From 1989: Institutional Support for Non-governmental Organizations

In 1989 in response to demand from its NGO partners, FES added a new program to provide institutional support for NGOs and other types of CSOs by enhancing their technical and administration skills as a means of becoming self-reliant and sustainable. Also, in recognition of the need to provide increased support for the evaluation of social impact, a grant program to support evaluation studies was opened in 1990. This program has grown to the point where FES is providing financial resources and technical support to almost 500 NGOs.

One of FES's goals is to enhance the communication between civil society organizations and the government with a view to promoting good governance and public policies that benefit low-income communities. In implementing its grant program, FES seeks opportunities to form partnerships between the private and public sectors and civil society in order to increase impact, and leverage more resources. As part of its direct operations FES plays a national and international convening role with other foundations and organizations, like, for example, the Colombian Confederation of NGOs, on subjects such as strengthening the foundation sector and improving cooperation between civil society, government and multilateral lending agencies. FES has also played a leading role in drafting new legislation for the environment and the nonprofit sector.

From the above we can see how FES' thematic and program priorities evolved over time. Starting as a foundation with a narrowly defined program both geographically and thematically, it expanded to play a variety of roles. It played a leadership role in providing links between civil society organizations to ensure that they share skills and experience and do not duplicate programs. It also shared its experience in strengthening civil society organizations in Colombia at a regional level by hosting the Regional Secretariat for Latin America and the Caribbean of CIVICUS: World Alliance for Citizen Participation, a global civil society organization.

Section 3 **Designing Grant Programs**

This section focuses on the design of grantmaking programs. We explore two approaches; one involves the preparation of a strategic plan incorporating specific goals, objectives, strategies and activities. The second describes an approach in which program departments staffed by professionals had scope to develop initiatives within their own program areas and select the most appropriate mix of partners.

Example 1 A Strategic Plan
Foundation for the Philippine Environment

Example 2 A Framework for Program Design
Foundation for Higher Education (Colombia)

How Do Foundations Design Grantmaking Programs?

While the Board takes the lead in defining program priority areas, in some cases through a strategic planning process, the responsibility for designing and implementing the program falls to the professional staff of the foundation. The shape of the program will therefore depend to a considerable extent on the specific skills, interests and background of the senior professional staff. Foundations with clearly established thematic priorities (such as the environment, health or education) will usually seek to recruit program staff with a background and experience in the respective field. They will have the prime responsibility of identifying the types of grantees and programs to be supported. The success of the programs will depend to a large extent on their skill in building a critical mass of partners and constantly seeking ways of developing synergy between them.

In this chapter we look at two examples. The first is the Foundation for the Philippine Environment (FPE). This experience shows how a relatively young foundation decided early in its life to prepare a strategic plan that translated the vision and mission of the organization into specific goals, objectives, strategies and activities. The case indicates some of the benefits and challenges of this tool and examines the respective roles played by the Board, staff and partners in its implementation and review.

In the second example we return to the case of Colombia's Foundation for Higher Education (FES). We look at how a large foundation is able to develop separate departments for each program area. With specialized professional staff in each department the foundation is well placed to identify unmet needs and build strong programs to respond to those needs. It is also equipped to play a role in building the partnerships between researchers, action agencies (both government and nongovernment), policy makers and donors that are required to develop lasting solutions to critical problems.

Both cases illustrate the need to engage with government agencies in trying to improve the way they do business. Having independent sources of funding puts the foundation in a strong position in terms of influencing government programs. Particularly in the case of Colombia, there was a clear realization that pilot programs had to be designed with a view to impacting on government practices given the overwhelming role the state plays in the health and education sectors. FES because of its extensive contacts in both the government and the nonprofit sectors played an effective role as the interface between the two.

Summary Points

A strategic plan can provide a good framework for the design of grantmaking programs. Strategic plans are prepared with the participation of the Board and staff and involve discussions with other donors, government, partners and potential partners. They allow the translation of broad vision and mission statements into specific goals objectives, strategies and activities. In many fields the lack of reliable baseline data and indicators pose challenges in measuring progress towards achieving targets. Strategic Plans need to be periodically reviewed and adjusted. FPE prepares annual work plans and reviews progress every six months.

Program effectiveness depends on the careful integration of different types and levels of grants. A foundation program will often incorporate support for grassroots projects, research and work at the policy level. All these elements need to be carefully coordinated if maximum impact is to be achieved. For example the program can include pilot projects that test innovations at the community level, research that evaluates their results and the adoption of the proven approaches on a regional or national level.

The most appropriate partners need to be identified for each type of grant. Whether it is at the level of pilot projects, research or national networking, the foundation has to identify the most appropriate partners. It then has to ensure they have the required technical, administrative and financial support to accomplish their tasks.

Programs that seek to affect changes in public service provision benefit from the participation of all stakeholders. Foundations are well placed to involve all stakeholders in the design and implementation of program interventions. Their staff can establish strong working relationships with key actors in the government and nonprofit sectors as well as community leaders and academics. This bridging role can assure all stakeholders are “on board” in proposing needed changes. For example, FES, in seeking to enhance the quality of primary and secondary education, was able to work with civil society organizations (including parent-teachers associations), chambers of commerce and local education authorities to build more effective cooperation across sectors.

Example 1

*A Strategic Plan**Foundation for the Philippine Environment**Initial Stages*

The Foundation for the Philippine Environment (FPE) initiated an interim grants program prior to the adoption of its first strategic plan. This was considered necessary in view of the requirement of the US Agency for International Development (USAID), the contributor to the Foundation's endowment, that FPE move quickly to build a track record in grantmaking before full stewardship of the endowment could be ceded to it. Grantmaking priorities were derived from the USAID–World Wildlife Fund (WWF) Cooperative Agreement of April 1991 that created FPE. From that, FPE interim staff identified three major program areas:

- Conservation of Philippine Biological Diversity
- Technical Skill and Capability Building
- Community-based Resource Management

After further discussion with USAID and consultants it was decided to focus on biodiversity conservation and natural resource management. This decision formed the basis for the subsequent strategic planning process.

A Strategic Plan

The first Strategic Plan (covering the five years 1994-1998) was the outcome of a strategic planning workshop for Board and staff held in June 1993. This document, approved by the Board in October 1993, includes a statement of vision and mission, and sets out three major goals. Based on these goals a number of objectives, strategies and activities were identified.

Goals identify targets and state what must be done to accomplish the vision. Objectives restate goals into operational terms and quantify what and when results will be achieved. Strategies and activities express how results will be achieved and describe what actions will be taken to achieve results.

The plan also determines who is going to carry out each activity (FPE, an external organization or both jointly).

To show what the strategic plan looks like we give the example of goal one and the objectives, strategies, activities and organizations responsible for implementation derived from that goal.¹⁸

GOAL 1

To initiate, assist, and finance projects that support biodiversity conservation and sustainable development efforts. FPE aims, furthermore to strengthen the capabilities of NGOs, POs (Peoples' Organizations) and the local communities to be significant agents of biodiversity conservation through stewardship and responsible management of the natural resources and ecosystems in their environment.

Objectives:

1. Rehabilitation and stabilization of 50% of 30 environmentally critical sites by 1998 through the combined efforts of the Philippine government, NGOs, POs, and donors.
2. Conservation of biodiversity resources existing as of 1995 in the identified sites.
3. At least one community team per *barangay* [the smallest local authority area] in the critical sites capable of advocating and implementing projects that result in biodiversity conservation and sustainable development.

Strategies:

1. Use grants programs to strengthen the capabilities of NGOs, POs, and communities and for actual site conservation, rehabilitation, and stabilization

Activities

1. Identify critical sites
2. Define the skill requirements of NGOs and POs in the identified sites
3. Inventory skills of these NGOs and
 - basic management
 - project management
 - financial management
4. Draw up a list of existing government interventions and on-going projects in identified Sites.
5. Develop program scoping and the project development process.
6. Determine needed projects, and develop concept for each program.
7. Prepare priority list of types of responsive programs to qualify for funding over a specific time period.

To Be Done By

External Organization
External Organization

External Organization

External Organization

FPE

FPE

FPE

This definition of goals and objectives assisted the Foundation in achieving focus, both geographic and thematic. It also seeks to ensure that the Foundation acts as an innovative catalyst, building on existing initiatives and capacity building resources.

Review Process

Within the framework of the Five-Year Strategic Plan, annual plans are prepared. These annual plans include detailed targets, and clarify the relationship between the various program components such as resource management, inventory preparation and livelihood enhancement. Performance against these objectives and activities is reviewed every six months (usually in a two-day staff retreat). Targets are then adjusted and a new action plan prepared for the next six months. These performance reviews and action plans are then presented to the Board.

FPE has introduced an interesting element of partner/grantee participation that is rarely found in grantmaking foundations. FPE partners are organized in three regional committees (Mindanao, the Visayas and Luzon). These committees can make policy recommendations to the Board. In addition, FPE convenes an annual “Partners’ Meeting” when all FPE grantees come together to share experiences, review FPE policies, and strengthen networking activities. Board Members and staff also attend. According to Julio Tan, Executive Director,

It is a good feedback mechanism. Many positive recommendations emerge from these “Partners’ Meetings” such as recommendations to clarify project guidelines on the type of technical support given to sustainable agriculture projects.¹⁹

Evaluation of the First Strategic Plan

The evaluation of the first strategic plan identified a number of challenges faced in implementing the plan and presented recommendations for ways of clarifying the goals and objectives and operational strategy for 1999-2000. The following main points were raised:

- Many of the goals relate to success in preserving and conserving biodiversity on community lands. In practice it proved impossible to measure the achievement of objectives under these goals given the lack of baseline data such as a comprehensive inventory of natural species. This inventory was later prepared by the local communities drawing on data from the endangered species list, which only became available in 1996-7 towards the end of the first plan. With this improved base line data and more reliable indicators FPE is now in a better position to clarify specific goals for reforestation and species conservation.
- Since the plan was prepared it has become clear that other indicators, in addition to biodiversity indicators, need to be added in order to monitor progress towards sustainability. These include indicators on land tenure status and resource access.
- More impact could be achieved in the future by training community members in inventory preparation and species protection. This role could be played by members of FPE’s Expert Advisory Panel. This is now more possible than before. NGOs are more aware of the need to protect bio-diversity and laws have been passed giving community rights of control over all natural resources.

- There is a realization that timeframes be thought of in terms of 10-12 year increments when planning for sustainable development and biodiversity conservation.
- Goals and objectives need to be “owned” by communities and not determined without consultation.
- The Strategic Plan should be a catalyst for cooperation with other organizations. This will be clarified in the next plan. There is a realization that the approach to achieving sustainable development should be a multi-stakeholder one. For example, FPE has signed a Memorandum of Agreement with the Canadian International Development Agency (CIDA) Local Government Support Program to use those resources for capacity building of local government officials and NGO staff in bio-diversity and sustainable development starting with land-use planning. FPE is aware of the benefits of developing other partnerships aimed at bringing new investment to the community level. There is also a realization that staff members need to develop skills in cooperating with other agencies.

Building Partnerships with Other Grantmaking Institutions

Another interesting aspect is the creation of partnerships with other grantmaking institutions in order to take advantage of mutual synergies and increase impact. As noted in the Foundation’s 1996 annual report, FPE signed memoranda of agreement with the Philippine Development Assistance Program (PDAP, a government program) and the Philippine Agrarian Reform Foundation for National Development (PARFUND). In the first case, the two organizations were to pool their resources and jointly develop, fund and monitor projects at six biodiversity sites. In the second, the two organizations collaborated in assisting indigenous communities to develop ancestral domain management plans.

Unfortunately, the PDAP partnership did not work because specific sites were not identified, and PDAP changed its priorities after the agreement was signed. This experience shows the difficulty of making a partnership work when the policies guiding each organization are not sufficiently flexible.

Another agreement with the Foundation for a Sustainable Society, Inc. to create a fund for sustainable production loans is working well, as the two organizations share similar goals and objectives and have complementary skills. One further successful partnership has been with the Small Grants Program of the Global Environment Facility (a UN/World Bank initiative) to fund complementary activities in six provinces.

Influencing Government Policy

Though the main aim of FPE programs is to provide grants that contribute to building the capacity of NGOs and people’s organizations (POs) to develop sustainable natural resource management systems, it also seeks to influence government policies concerning indigenous rights and natural resource protection. FPE convened NGOs to identify issues and concerns of indigenous peoples and

ensure they were addressed in the Indigenous Peoples Rights Act. It also worked with other NGOs to help create the National Commission of Indigenous Peoples set up to monitor the implementation of the law. FPE also worked with other civil society organizations to ensure that the logging ban remained in place. Finally the Foundation played an active role in formulating Executive Order 247 which regulates access to biological resources.

The Role of the Board in Determining Policy and Approving Program Initiatives

FPE has an active Board with principal responsibility for policy decisions including the approval of the strategic plan and partnerships with other institutions (in addition to its fundraising duties discussed in Chapter 4). It also plays a key role in the monitoring of the Foundations' programs. The full Board has the responsibility of approving the Strategic Plan while other responsibilities are carried out by Board Committees.

The Program Development Committee of the Board of Trustees is responsible for approving all grants over US\$3,000 and in addition making policy recommendations on the grants program's goal, scope, and priorities. It works in close consultation with the Executive Director. It is open to receiving policy recommendations from the staff. The Committee meets six times per year: four times the day before Board Meetings to review projects, and twice to review policy.

The Executive Committee has the responsibility of determining the Foundation's policy towards other organizations. This includes the review of proposals for partnerships with private companies, government departments or other donors, local or international.

Example 2

A Framework for Program Design

Foundation for Higher Education (Colombia)

The Foundation for Higher Education (FES) evolved over time—progressively expanding its budget and broadening its program reach, geographically and thematically in response to needs and opportunities. It played a leadership role in the search for solutions facing Colombian society in a number of fields of strategic importance to national development such as education, health, environment and natural resources, youth and economic and social development.

The organizational structure for the design and administration of programs developed in line with the establishment of major new programs. Taking into consideration a careful analysis of the country's social and economic needs, and the internal situation of FES, as program areas were identified, new program divisions were created under the overall coordination of the Vice President for Social Development.

A proposal to start a new program is prepared as a working document by the staff of the Vice President of Social Development. It must first be presented to the Technical Committee of the Board and then goes to the Social Development

Committee of the Board and finally the Board of Directors for approval. In designing these programs FES draws on staff knowledge of the relevant problem areas, published research and discussions with practitioners in the field. In designing the programs, emphasis is placed on building partnerships with key organizations in the field (both donors and organizations implementing programs) and leveraging additional resources so as to maximize impact at the national level. Programs frequently start with support for pilot projects at the local level where new methodologies can be tested. Each division has its own mission, approved by the Board, as well as a full-time professional staff.

FES is proactive in identifying program needs and selecting partners. Each program involves support for work at the grassroots level with intervention at the policy level in the belief that a combination of both produces the best results.

As an illustration, a brief description of the programs in the Education, Health, and Economic and Social Development divisions are presented below (two other divisions not described are Children and Youth and Environment and Natural Resources). The descriptions are drawn from the 1992 report of the Vice President for Programs, the 1997 Annual Report (for program updates) and the 1998 report “FES Foundation: A Private Social Enterprise.”

The Design of the Education Program

The Education Division has adopted the following mission:

Support and promote the development of the education sector in such a way as to ensure the continuing improvement of quality and increasing access of those traditionally denied access to those services. This will be achieved through support and promotion of research, testing of innovations and the sharing of results and achievements that could be applied by all public and private education institutions.²⁰

In translating this broad mission into programs FES staff after reviewing current needs and programs opted to focus on two areas: the Education Quality Program and the Basic Secondary Education Program.

The Education Quality program focuses on improving the quality of primary education. It has three components:

- The first supports research on the quality of basic education. In 1992 the Foundation made grants to a cluster of 15 research projects on citizens’ values. The research resulted in the publication of new school textbooks.
- The second focuses on support for the development of model approaches to forging stronger school communities through building partnerships between parents and teachers. In implementing the program FES has leveraged support from municipal governments, Chambers of Commerce and the Carvajal Foundation.
- The third, carried out in partnership with another private foundation—the Restrepo Barco Foundation—supports teacher training and education materials production. A key component is the publication of a quarterly magazine for teachers, titled the Joy of Teaching and its distribution

throughout the country to schools, universities, public libraries and offices of the Ministry of Education, with the support of donations from private businesses, provincial governments and the Ministry of Education. By 1997, 80,000 copies were being distributed.²¹

The Basic Secondary Education program focused on encouraging and supporting the involvement of teachers' organizations in the preparation of studies and policy proposals aimed at improving the organization of the secondary education system. It also supported research on the needs and expectations of adolescents with a view to modifying educational policies and strategies.

In implementing this program, FES brought together a coordination team for the national study on adolescent culture entitled the Atlantida Project. With the direct involvement of FES Education Division staff, the team developed a research methodology and coordinated research by teams in universities throughout the country. Project results were published in 1996, and proved to be an important tool for understanding more about the expectations and beliefs of teenagers concerning education, the school, family and society.

This area of work has expanded since 1992 in response to the perceived deterioration of the quality of secondary education. FES is leading an educational research project called the *Pléyade* Project, with the support of the Ministry of Education. Its focus is to improve the quality of educational administration in 7,000 schools and 300 civil society organizations concerned with education by identifying ways to enhance local community participation in school management. The *Pléyade* Project is searching for a group of schools "to shine as a constellation, opening the path to the knowledge and peace in the country."²²

The above program strategy seeks to influence policy and practice in the education sector through a combination of education research and support for experimental programs involving community participation in school management. The program seeks to involve all major stakeholders in the identification of needs and solutions. It also seeks to leverage support from other partners in both the public and the private sector in order to increase "buy-in" and impact.

The Design of the Health Program

The mission of the health division is:

To contribute to improving the state of health and nutrition of the underprivileged sectors of the population by identifying alternative strategies for increasing coverage, improving the quality of service and encouraging research.²³

Towards achieving this mission, the Health Division has developed two major program initiatives: primary health care and research on social security policies.

The main objective of the first program is to increase the quality and coverage of primary health care services in Colombia, particularly those serving low-income communities. The Division supports primary health care and breast feeding programs, promotes projects to improve the quality of hospital management and sponsors essential health research, especially on the most prevalent tropical diseases,

in partnership with universities and research centers. Additionally, the Division has helped to establish a primary health network, serving professionals in the country's largest cities.²⁴

The Health Division supports research as a means of informing new policies and primary health care practices. The 1997 annual report describes how the foundation decided to give attention to research on the prevention, diagnosis and control of malaria. In this program it decided to partner with the Pacific Health Institute, a research center on the Pacific Coast. The center has used the results of its research on the relationship between knowledge, attitudes and practices concerning malaria to develop a primary health care education program to control the disease. In this program FES has leveraged support from NGOs in the US and Spain as well as from the Ministry of Health.

Under the second program initiative—research on social security policies—FES supported a major study that compared the costs and benefits of three major proposals to reform the social security system of the country. This study was of critical help in the drafting of a new national policy, called *Ley 100* enacted in 1993. This law reformed the Social Security System of Colombia.

In addition to managing these two grant programs the program staff of the Health Division participated in the creation of a “Macro-policy Group.” This group brings together health specialists an independent forum for the analysis of major health problems facing the country and for the identification of viable solutions.

The Design of the Economic and Social Development Program

The mission of the Economic and Social Division is to:

Promote and support actions which improve the well-being of the population, through innovative strategies aimed at solving specific problems of high-risk groups, the strengthening of community and citizen participation, increased production and the improvement of family income.

In pursuit of this mission a major focus has been on the design and implementation of income generation strategies for the disadvantaged. To achieve this the Division:

[P]romotes Community Development Corporations (CDCs), and other grassroots organizations. It fosters also, the development of small businesses through technical and management training. Taking into account that nearly 24% of Colombian households are led by single women, the Division makes special emphasis to provide them with training and assistantship.²⁵

A key element in developing this program has been the use of grants to encourage the creation of public-private partnerships. In 1989, FES – with support from the Ford Foundation – implemented a Program for the Development of Families with Female Heads of Households in Cali. This pilot program aimed at improving the income of women heads of households through extending a series of services such as credit for micro-entrepreneurs, socio-entrepreneurial training, and personal education, information and orientation.

Building on the experience of the early pilot project, the program has been gradually expanded throughout the country with additional support from the Fundación Restrepo Barco and the Presidential Program for Youth, Women and the Family. Through an agreement between FES and the Multilateral Investment Fund (FOMIN) of the Inter-American Development Bank (IDB), a program aimed at developing an innovative and sustainable model of intervention to increase the productivity of low-income women heads of households was launched. By 1995, FES was working with 26 local NGOs as executing agencies, and had reached roughly 12,000 women in 24 cities throughout the country.

To fund the expansion of the program, FES established a special endowment fund worth US\$4.5 million with US\$2 million being contributed by FOMIN.²⁶

Common Elements of all Programs

Drawing on its experience, by 1997 FES decided to formalize what had become standard practice in program design. It was stated that to most effectively achieve its social mission, programs give priority to incorporating the following elements:

- **Institutional development** - The creation of technical and management capacity and the sustainability of civil society organizations are linked to the institutional strengthening encouraged by the Foundation. At the same time FES seeks to develop the ability of these organizations to dialogue with the government and increase their skills to work alone or in alliance with the State in the public arena.
- **Research** - FES has built a team of highly qualified professionals dedicated primarily to promoting, coordinating and funding research aimed at the analysis and design of policies and intervention methodologies applicable to large sectors of the population in the defined program areas.
- **Design, financing and implementation of projects** - FES identifies the most appropriate organizations to implement the projects, helps them obtain resources and provides them with necessary technical administrative and financial support.
- **Communication and dissemination** - Through this component the foundation provides a permanent space for the discussion of the social problems of the country and their possible solutions and strengthens the efficiency of actions that benefit the poorest sectors of the population. It encourages local, national and international forums and the publication of working materials and special publications.
- **Evaluation** - Seeks to determine the degree of efficiency and effectiveness of the actions of FES and the organizations it supports. At the same time it encourages the creation and application of indicators that enable one to identify changes in the process, results and impact on target groups.

Section 4 **Adopting Grantmaking Practices**

There are a number of different grantmaking methods and types of grants. This section describes four particular practices used in selecting grantees/partners and providing grant support.

Example 1	A Request for Proposals (RFP) <i>Vamos Foundation (Mexico)</i>
Example 2	Foundation-Initiated Proposals <i>Puerto Rico Community Foundation</i>
Example 3	Challenge Endowment Grants <i>Foundation for Higher Education (Colombia)</i>
Example 4	Grants to Individuals <i>Child Relief and You (India)</i>

What are Different Types of Grantmaking Practices?

Once a foundation has determined its broad goals and objectives and the programs and strategies it will implement in pursuit of those objectives, its next task is to decide how to announce those programs and select the grantees or partners (many foundations are adopting the term “partner” to avoid the hierarchical difference implied in the terms “grantor” and “grantee”). It is in the interest of the foundation to clearly delineate the precise areas in which it makes grants and by extension those fields in which it does not give grants. This should then be communicated to prospective grant applicants and others in the form of grant application guidelines. How a foundation selects its grantees determines its grantmaking practice.

A review of grantmaking mechanisms shows that different mechanisms are appropriate for different programs. For example, as we will discuss later, in the case of a program to support the work of NGOs and CBOs in implementing innovative micro projects at the community level, a request for proposals (RFP) may be the best mechanism. In contrast, if the foundation is supporting the creation of a new multi-stakeholder partnership or a new initiative to promote local corporate responsibility, then the judicious selection of grantees based on a study of key organizations with relevant skills may be most appropriate.

In either strategy the foundation has to be transparent in its actions and avoid any hint of favoritism. Where selection panels or advisory committees are set up, care must be taken to ensure there is no conflict of interest (i.e. members of the committee should not have a personal interest in any of the organizations being considered for grants).

The choices a foundation makes depend on the objectives to be achieved and on the context, such as the state of the nonprofit sector in the country. In most cases foundations will adopt a mix of mechanisms. The ultimate aim is to ensure that the objectives of the foundation are met in the most efficient way possible. This does not necessarily mean supporting the strongest organizations in a given field. The aim of the foundation may be to strengthen those organizations with less capacity. Some common practices discussed in this section are:

Request For Proposals (RFP)

When a foundation publicly announces the availability of grants, this method has the advantage of giving visibility to the foundation and at the same time providing an open and transparent process. It also helps identify organizations not previously known to the staff either with existing capacity or the potential to make a contribution in addressing priority issues. RFPs are likely to be directed towards specific types of organizations (e.g. research organizations, NGOs or community-based organizations). The process tends to be time intensive particularly if outside review bodies are involved. The example of the Vamos Foundation is used in this chapter to illustrate the RFP method applied to community-level micro-projects.

Even where an RFP is issued, foundation staff often have to play an active role in identifying potential grantees and even providing support in the preparation of proposals. This is particularly true in cases where target grantees are community organizations or small NGOs with little experience in submitting proposals.

Foundation-Initiated Proposals

Another option is one in which the foundation determines that in order to achieve its objectives it needs a specific function or task carried out by a certain type of organization with specific skills. For example, the foundation requires a specific policy study to be prepared, such as a pilot project to be designed and implemented, a network of grantees to be established, a training program to be designed and conducted or a policy conference to be organized. In those cases, foundation staff are likely to have one or more specific organizations in mind with the requisite skills and whom they would ask to submit a proposal. In certain cases they might even assist in preparing the proposal.

In other cases the foundation may see that a new organization needs to be created to carry out a set of tasks. The foundation can play a catalytic role in making this happen by providing critical seed funding and encouraging other donors to contribute. The Puerto Rico Community Foundation has used this approach with effect in order to fill needed gaps in the research field.

Grants to Individuals

We examine the case of a foundation (Child Relief and You—CRY, of India) which has opted to provide individual awards as part of its mix of grants. This is part of a strategy for identifying, encouraging and supporting leadership in civil society

organizations working on issues of prime concern to the foundation. In other cases foundations make study awards available for individuals whose capacity is key to an organization's development.

Making Decisions on the Size, Duration and Type of Grant

Having made the choice of how to identify the potential grantee organizations, the foundation has to face other issues such as the size of grant, the grant period and the type of grant (core support grant, planning grant, program or project grant, individual grant or endowment grant). These decisions clearly relate both to the aims of the grant, the stage of development of the grantee organization and the resources available.

Most foundations determine a range of sizes of grant. The range depends on such factors as the number of grantees/partners the foundation wishes to work with and the resources available. Creative strategies have been developed by some foundations to leverage their resources through matching requirements. Where the matches are requested from the local organization or community, they serve to demonstrate local commitment and “buy-in” and can help to ensure sustainability. Where the grantee is asked to raise matching funds from other donors, corporate or private, matches act as a way to maximize the foundation's resources and move toward increased sustainability.

With regard to the grant period, foundations have to ensure that the resources being granted and the time period are sufficient to accomplish the aims of the project or program. Where the grant is for a specific period and is non-renewable, the foundation makes this clear at the time of approval to avoid any misunderstanding or false expectations. In some cases supplemental grants are made. It is important that conditions for approving these are made clear. Where the foundation is seeking to build and strengthen organizations, particularly at the community level, there are considerable advantages in providing multi-year grants.

Foundations frequently face the issue of whether to provide core support, or institutional, support (as opposed to project or program support) to grantee organizations. Where the organization's long-term survival is seen as critical to the long-term capacity in a given field, or institutional strengthening is the goal of the foundation's program, then core support is often provided. This is the major strategy used by Social Change Assistance Trust, South Africa to achieve its goal of community empowerment (discussed in Chapter 6).

Institutional support can be in the form of an annual or multi-year grant or an endowment grant. FES (Foundation for Higher Education, Colombia) has designed an innovative approach to providing endowment grants to NGOs that are able to meet a matching requirement. These endowments provide a sustainable source of income for organizations playing a key role in specific fields of interest to the foundation. This is an excellent way of supporting the creation of capacity in other organizations to work on solutions to specific social problems.

In requesting proposals foundations frequently delineate those budget items it will not support. For example, a foundation supporting a small grants program and

wanting to ensure that the resources are directly applied to specific projects at the village level may well decide not to support budget items such as the purchase of vehicles and buildings.

Summary Points

The method of selecting grantees/partners will be determined by the program objectives. If the foundation wishes to cast the net widely in identifying potential grantees working in a specific field then an RFP is an appropriate mechanism. It has the advantage of giving visibility to the foundation and providing a clear indication of an open and transparent process. If the RFP is widely disseminated It may also result in proposals from organizations that otherwise would not be noticed. It needs to be recognized however that it can be a slow and expensive process depending on the size of the potential universe and whether site visits and meetings of special selection panels are required. RFPs should clearly describe the type of organization that can apply for grants, other criteria, the type of budget items to be supported and the nature and length of the review process.

Where the potential pool of grantee organizations to perform specific tasks or roles is small, the foundation may select them without a competitive process. If the objective of the foundation is very specific, such as to build expertise in a given area, encourage the development of increased corporate citizenship, build a multi-stakeholder partnership or facilitate the creation of an NGO network, the potential pool of grantees may be too small to warrant an RFP. In those cases the Foundation will be proactive in identifying grantee organizations with the capacity to carry out the required tasks. In either mechanism the foundation has to take care to avoid any hint of favoritism that might damage its credibility. It also has to have clear and consistent policies on what the foundation will and what it will not support in terms of field of activity and type of support (such as the purchase of capital equipment). Such clear statements can reduce the number of proposals that cannot be supported or need to be rewritten.

Careful consideration needs to be given to the type, size and duration of grants. Foundations need to ensure that grantees are given sufficient funds, time and resources of the appropriate type to complete the activity or project being supported. The relative merits of institutional support grants versus project grants, short-term versus long-term grants and one-year versus multi-year grants need to be carefully considered in terms of the program objectives being pursued. In many cases a foundation program will simultaneously require a mix of different types of grants to different institutions.

Where the foundation is developing the capacity of a sector, endowment grants to carefully selected organizations may prove to be an effective approach. Endowment grants to organizations can play a critical role in strengthening nonprofit organizations for which a long-term role is envisaged. The case of FES highlights the important role challenge grants can make in building permanent endowments for nonprofits, thereby supporting their sustainability.

Example 1

Request For Proposals—RFP
Vamos Foundation (Mexico)

The Vamos Foundation has a number of grantmaking programs. In the program described here, Vamos negotiated funding from a private foundation in the United States (The Daniele Agostino Foundation), for a grant program supporting micro-projects that benefit and directly involve indigenous women and children in two of the poorest Mexican states, Chiapas and Oaxaca. The program, which began in 1997, was seen as a critical element in an overall strategy of supporting the economic empowerment of local indigenous communities and assisting the institutional development of support organizations. Other complementary programs included a rural credit initiative in partnership with government banks, and work at the policy level to build partnerships between civil society and the government.

Vamos reached out to the target groups by publishing a request for proposals. The RFP was distributed widely through NGO networks and peoples' organizations (most of the staff and board of Vamos come from these networks). The program was designed to support innovative projects at the grassroots level that could have a direct impact on the wellbeing of women and children. The methodology and lessons learned from these experiences would then be shared to encourage replication in other communities.

As a strategy to ensure resources would go directly to the grassroots, proposals had to be presented by groups at the community level. In order to increase the likelihood of success, however, groups were required to obtain a commitment of administrative and technical assistance from a support organization. The Foundation decided to fix a maximum size of grant at around US\$5,000 (the maximum grant of 50,000 Mexican pesos fluctuated between US\$5,000 to US\$6,000 during the period of this program). Vamos believed this amount was large enough to have an impact, while at the same time allowing the modest initial fund to benefit at least twenty projects.

Vamos also accompanied its grants with limited technical assistance. All projects recommended by the advisory committee were visited by Vamos staff during which agreement was reached on specific goals and targets and the budget finalized prior to the signing of a contract.

The excerpts from Vamos second RFP below describes the criteria for proposal presentation followed by specific information required.

Criteria**Proposals need to:**

- Be presented by community organizations and groups
- Have guaranteed technical and advisory support
- Support productive projects with impact in the communities, that are economically viable and produce sustainable benefits and respond to social needs
- Show respect for and strengthen the environment, traditions and cultural values
- Demonstrate strict financial control so as to ensure the optimum use of the available resources

Information to be Included in the Proposal

1. General Information
 2. Title of the Project
 3. General information on the organization. (Name of group, legal status and to which indigenous culture or language group do they belong)
 4. Location of the project
 5. Background
 6. How and when was the group created?
 7. What other activities has the group carried out?
- How many men and how many women have participated in the projects?
 - How are decisions made?
 - What has the group achieved and what difficulties has it faced?
 - What other plans and projects is the group carrying out or intend to carry out?
 - Names of those responsible: President, Coordinator or Director of the organization or group and Project Coordinator and Treasurer

Presentation of the proposal

- What are the most pressing needs of the communities where the projects will be carried out?
- What is the major need the project will address?
- What does the project consist of? Why are you carrying it out?

Actions Proposed

- What actions will be taken by the group to implement the project, what is the time frame, and what resources are needed?

Actions	When	Who	What is Required

Resources for the Project

- What materials and resources will you use from the region?
- What will be your contribution of materials and resources?
- What resources are you requesting?

Project Aims

This section requests information on number and type of beneficiary, the type of products to be produced, and the methods for monitoring and evaluation and sharing results.

Budget

- Has the group presented the proposal to other institutions? What was the response?
- Specify the amount of funds being provided by other institutions, foundations and individual donors
- What costs are you requesting from Vamos?

What is Required	Cost	Sources
		The Group
		Other
		Vamos

- Does the group have a bank account? If so, include location and account number
- If the project involves a revolving loan fund describe the terms for loan repayment and the system for managing the resources
- If you are managing projects with other funds, include general and financial information on those funds. [Though it was not specified in the RFP as a requirement it was expected that the community would provide both financial and material input to the project as a community “match.” This was seen as an indicator of commitment to the project.]

Annex

Include a letter from those providing the technical and administrative support, specifying their role and commitment to the project being presented.

Procedures for Reviewing Proposals

Those organizations presenting proposals were informed of the deadlines for submission. The Foundation staff and an honorary selection committee of thematic and regional specialists were charged with reviewing proposals and making recommendations on projects to be funded. Where applicant communities were not known by members of the honorary selection committee visits were made by staff to the projects. This first hand knowledge is a critical element in the selection process. These recommendations were then presented to the Board and to the Danielle Agostino Foundation for final approval.

Example 2

Challenge Grants

Puerto Rico Community Foundation

The Puerto Rico Community Foundation (PRCF) has developed a range of grantmaking mechanisms ranging from mini-grants to larger strategic grants. One that has been successful has been the use of carefully targeted grants in a specific field of high priority to the Foundation. Using this method PRCF has catalyzed the creation of new institutions and programs, in some cases making use of challenge grants to leverage major sources of funding. This was particularly useful in the early days of the foundation, enabling it to have major impact with relatively modest grants.

A feasibility study conducted between 1983 and 1985 for the Puerto Rico Community Foundation recommended that it “start big.”²⁷ A 1994 review of PRCF’s history discusses the very first grant awarded by PRCF, which perhaps prefigured both the future success of PRCF and its modus operandi, for its recipient has enjoyed similar success and the grant format then used has been repeated often:

A \$70,000 challenge grant was awarded to the Center of Energy and Environmental Research to provide seed money for the establishment of an Industry/University Research Center. The original request was for \$214,000, but the Foundation restructured the proposal, limiting its contribution to \$70,000 and requiring that this be matched on a two-to-one basis by others. In response, the University of Puerto Rico assigned slightly more than \$80,000 in in-kind services to the new organization, the National Science Foundation gave \$70,000 and several pharmaceutical companies jointly contributed another \$70,000.²⁸

The formula worked. The Industry/University Research Center, or INDUNIV as the pharmaceutical industry-oriented research center is now called, has thrived and is now itself a grantmaking institution, having sponsored applied research to the tune of more than \$1,500,000. It was able to compete for resources from a research fund created with the income from a special tax on US pharmaceutical companies operating in Puerto Rico and managed by a Science and Technology Board. Apart from a second year supplemental grant of \$35,000 it has not required any further grants from the PRCF. What is more impressive yet is the fact that INDUNIV has served as the model for three other similar organizations, one serving the electronic industry, another the infrastructure and construction sector, and the third the biotechnology sector.

The review of PRCF's history goes on to give information on three other grants approved at its first grantmaking meeting and sums up:

All [grants] had in common one key element: they were not intended as a temporary remedy of a problem, but aimed at establishing a base from which to develop further positive action by others, with or without continuing support from the PRCF itself. This philosophy would continue to guide the foundation in its grantmaking decisions.

In these first four projects, the PRCF addressed four of the seven basic areas of primary interest it had identified: economic development, science and technology innovation, employment, criminal justice, health, education, and the arts. These seven areas of primary interest would later be consolidated under six titles, with economic development absorbing both employment and science and technology innovation and with community development added to the resulting five areas.²⁹

Example 3

Endowment Grants

Foundation for Higher Education (Colombia)

Challenge Endowment Grants for NGOs

The Foundation for Higher Education (FES) worked to build permanent institutional capacity in the nonprofit sector through an innovative grantmaking approach of assisting organizations to build endowments. This became an important component of its efforts to strengthen the role of civil society organizations in the planning and implementation of social development and the provision of social welfare and community services.

FES, which worked since the early 1970s to build the institutional capacity of NGOs, realized that a critical impediment to institutional development was the lack

of a dependable flow of funds to cover their core costs. To address this need, it developed a program to help NGOs establish permanent matching funds (or endowment funds). Initiated in 1977, the program complemented other services FES provided to the NGO sector, such as training courses on strategic planning, fundraising, managerial skills, and project analysis. Permanent Endowment Funds are described as follows:

Most of them [Permanent Endowment Funds] are constituted with economic resources donated for a specific objective, which FES matches with a 50% contribution and guarantees revenues equivalent to the market rate for fixed-term deposits plus 1%. Nearly 30% of the monthly yield of the fund is capitalized and 70% is donated periodically to the NGO. In December 1998, there were more than 400 Funds with a capital of nearly US\$30 million. The donations from these funds amounted to approximately US\$7 million in 1998. The funds are one of the most important components of the Foundation's capital assets and the main source of its donations.³⁰

To qualify to receive a matching grant for an endowment the nonprofit organization has to work in one of the following areas related to the mission of FES: “social welfare or community service, scientific or technological research, conservation of natural resources and sustainable development, human resource development, training and scholarships, universities and education centers, programs to increase family income.”³¹ The initial fund can be donated by a nonprofit organization, a business or an individual. The beneficiary of the fund must be a nonprofit organization or an individual in the case of a scholarship fund. Each of the funds is administered by a joint committee of representatives of the donor or the recipient NGO and FES. The permanent matching funds are owned by FES. However, FES does not intervene in the decision-making process or in the day-to-day activities financed by a particular fund. The beneficiaries of the funds can request technical assistance from FES staff for social development and evaluation.

These funds fulfill two roles: first they ensure that the NGO has permanent income to cover at least a part of its core costs, thus affording it some institutional stability; second they serve to increase the FES portfolio which is managed by its own financial enterprises. The larger the portfolio under FES management, the more earnings can be generated and channeled as grants to social development programs. These matching funds contributed to the financial strength of the nonprofit sector in Colombia.

Key factors in the success of the matching endowment grant program:

- FES was a large foundation with a reputation for the sound management of its own endowment funds
- The funds complemented its objective to support the institutional development of nonprofit organizations
- It had its own investment banking companies
- The legal environment in Colombia allowed FES to register as a financial company

Example 4

A Fellowship Program
Child Relief and You—CRY (India)

A Fellowship Program for Leaders Working with Children

As a complement to its program of grants to organizations addressing child survival problems throughout India, Child Relief and You (CRY) introduced the CRY-Rippan Kapur Fellowship Program in honor of its late founder Rippan Kapur, in 1994. The fellowships provide support to individuals working with underprivileged children. The program brochure describes the program as follows:

Any individual can make a difference in the lives of underprivileged children. CRY too was started by an individual, Rippan Kapur. In 1979 he and six friends pooled Rs.50 each, and registered CRY as a charitable trust...Rippan believed that individuals could make a difference simply by caring enough and taking action. It is a belief that is the essence of CRY's work and, we believe, the key to overcoming any unjust action.

The Fellowship will be given to individuals who have a fairly clear idea of what they want to work on, who are ready to start their work, or have already begun in a small way and need personal financial security to give all their time to their mission. All the CRY offices will receive and scrutinize interest forms filled in by potential candidates, and an independent selection team will decide on persons to be awarded the fellowship...

Any interested individual can write to the CRY Fellowship Coordinator or any CRY Regional Office with the following brief information:

- 1) A brief write-up on the proposed area of work and its objectives
- 2) A summary of the action plan initiated or to be initiated
- 3) A note on their present work status and why they need the fellowship

The response to the fellowship program has been overwhelming. The program has helped 80 individuals take concrete action to materialize their dreams for deprived children. They included grassroots-level activists, professional social workers, doctors, journalists, people from folk arts, educationalist's and many others who otherwise would never have found a means of realizing their dreams for a better world for children. In the last five years, of a total of 80 fellows supported by CRY, 10 have moved on to create permanent organizations addressing children's issues and rights. The program has also been instrumental in adding new dimensions to the aspect of child development activities.

[The fellowship program has become a critical element in a mix of grants supporting work with children in need]. The mix of grantmaking includes support to voluntary organizations, resource organizations and support to state level and national networks on children's issues, apart from the fellowship program.³²

Section 5 **Establishing Grants Administration Procedures**

This section explores how to review grant proposals and administer, monitor and evaluate grants. It examines the importance of ensuring fairness, transparency and efficiency.

- | | |
|-----------|--|
| Example 1 | A Full Grantmaking Cycle
<i>Equal Opportunity Foundation (South Africa)</i> |
| Example 2 | Recommendations to the Board, Letters of Acceptance and Rejection
<i>Children and Youth Foundation of the Philippines</i> |
| Example 3 | Guidelines for Grantee Reporting
<i>VITAE (Brazil)</i> |
| Example 4 | A Standardized Project Monitoring and Evaluation System
<i>Foundation for the Philippine Environment</i> |

Why Establish Grants Administration Procedures?

This section focuses on how four foundations have approached the challenge of achieving fairness, transparency and efficiency in their grantmaking procedures. Clear policies and procedures in the application of their resources have helped them to earn reputations for being open and honest. They have found that standard procedures can assist in maintaining essential communication with grant seekers and grantees.

These foundations have established systems to track grant applications, approve proposals, disburse funding, monitor grants and evaluate results. Coupled with a professional staff that has the skills and experience needed to manage the grants program, these procedures can increase the impact of grants by assisting the foundation to identify the best possible grants and evaluate the impact they are having.

Proposal Review Process

Staff of the four foundations in this section are responsible for screening proposals, sometimes with the help of external advisors. They prepare recommendations for grant action for consideration by the board. In some cases, such as the Equal Opportunity Foundation (EOF), this is preceded by a step in which the program officer prepares a detailed recommendation for presentation to the executive director.

It is common practice among the foundations in this section to submit recommendation for grant approval to their boards or board sub-committees. Some boards delegate responsibility for approval of all or specific grants, i.e., below a certain cash limit, to the staff. This is unlikely to be the case at the outset when the foundation is still developing a professional staff since Board members, as trustees of the foundation's assets, are legally responsible for all actions taken by the foundation.

In some foundations the Board elects a program committee or grantmaking subcommittee that is charged with reviewing proposals forwarded by the staff and presenting recommendations for final approval by the full board. The recommendations will vary, but will generally contain concise summaries of proposals, with a recommendation for support (or not to support). Recommendations to support proposals that staff view as linked together in accomplishing a specific objective of the Foundation are sometimes presented as a package for approval. Grant recommendations to the Board are usually accompanied by a statement indicating how the grant would contribute to achieving the goals of the foundation in a specific program area. They will also specify specific targets and objectives to be achieved during the grant period, methods for evaluating the results and indications of potential obstacles and challenges which might affect the results. They may also indicate whether and under what circumstances supplementary funding will be considered.

Monitoring and Evaluation

This section looks briefly at some approaches to grant monitoring and evaluation employed by two foundations: Equal Opportunity Foundation and VITAE. These examples suggest the importance of having clear, achievable goals for grant activities being supported so that progress can be measured. These foundations have adopted systems that seek to assist the grantee organization to develop its own monitoring and evaluation skills and procedures including standardized forms. Such a participatory monitoring and evaluation system ensures that the grantee receives direct benefit from the process and can use the results to improve the design of the project.

A common procedure used by foundations is to request regular progress reports from grantees. These can be quarterly, half yearly or annually. The foundations usually provide clear guidelines on reporting procedures. Some provide a form to be completed. The reporting guidelines of VITAE are given as one example. The results of these evaluations are useful in informing future decisions on grant renewals.

The staff will not normally present evaluations of individual grants to the board, though in the case of EOF an Evaluation Subcommittee reviews all evaluations. More commonly the staff will review a group of grants in a specific program and present the results to the board.

Summary Points

Clearly written grant administration procedures help ensure a smooth-running grant program. Many mature foundations have developed a grant administration manual. These manuals cover all elements including proposal review procedures, responses to applicants, grant reporting requirements and grant monitoring and evaluation. They provide a valuable guide for existing and also incoming staff.

The grant selection process should provide the decision-makers (CEO and/or Board) with sufficient information on which to make a decision. In reviewing grant proposals foundation staff usually evaluate the aims, objectives and methodology of the proposed program/project and also the organization's human, technical and resource capacity and prospects for sustainability. It is an advantage if they have first hand knowledge of the institutions and individuals. They then prepare a recommendation for either support or rejection. In some cases the recommendation for support may be conditional on additional information being provided. Where grants in a new program area are being presented, it is useful for the relevant program officer to attend the Board meeting to answer questions.

Grant evaluation should involve staff of the grantee/partner organization and contain recommendations for strengthening the organization and/or program. The evaluation should identify project achievements and also problems encountered and recommended solutions to those problems. If there is high level of involvement of the grantee organization staff in the evaluation process the organization is more likely to commit to taking the steps required to implement the proposed recommendations.

There are no easy answers to the challenge of grant evaluation. Foundation staff need to meet the challenge of developing qualitative indicators to evaluate programs in fields that have proved difficult to evaluate in the past, such as non-formal education, health education, children and youth programs. These should be shared more broadly with the foundation community.

Example 1

A Full Grantmaking Cycle

Equal Opportunity Foundation (South Africa)

The Application Form

The Equal Opportunity Foundation (EOF) accepts unsolicited proposals; although, it may also request proposals from specific organizations from time to time. As discussed in Chapter 3.2 it seeks to support projects in the fields of Early Childhood Development, Income Generation, Women and Gender and Primary Health Care in nine provinces considered to be in greatest need. It has a standardized application form requesting the following information:

- Organization
- Project name
- Type of project/sector
- A copy of the organization's constitution
- Physical address

- Postal address
- Telephone number/fax number/email address
- Directions to the project location
- Name of auditor
- Address
- Telephone number/fax number
- Organization/project background
- Socio-economic background
- Historical background
- Major achievements to date
- Management Committee
- Description of the process in which the management committee is elected/appointed
- Staff
- Program purpose
- Overall objectives of the program
- Objectives specific to this request
- Activities to be supported
- Expected results
- Means of measuring if the expected results have been achieved
- Budget
- Current donors
- Other income
- Networking activities
- Current sustainability plans
- Future sustainability plans³³

Tracking Grant Proposals

EOF has a computerized grants-management system that utilizes software designed by a South African computer consultant.³⁴ This software is also used by the Open Society Foundation in South Africa. The software allows for the systematic handling of grant requests. Once applications are received they are date stamped and sorted according to:

- Those proposals that need to be declined immediately as they fall outside of the Foundation's program area
- Those applications that require guidance from the Foundation in order to submit a more detailed proposal
- Those project proposals that fall within the Foundation's funding criteria and that will be acknowledged in writing as having been received. These submitters will also be informed that a project officer will be in touch with them, either for more information or to make an appointment for an on-site field visit

In general, the Foundation strives to respond to all applications within a period of one month.

Files are opened for these various categories and regularly followed up on by the project coordinator and/or relevant project officer.

Screening Process

If the Foundation decides a pre-selection on-site field visit is in order, the following procedures apply.

- As a rule, the Foundation does not fund projects that have not been visited and appraised by a project officer
- At the appropriate time, a project officer will liaise with projects in the province that s/he works regarding a suitable date and time to conduct on-site visits
- When the project is visited, the request or needs identified in the proposal along with the budget are assessed in terms of local material conditions, program quality, support and services available in the broader community, project sustainability and overall developmental impact on the community, sub-region or region. In addition, it is assessed whether projects are—in real terms—community-driven or owned, whether there is the prospect for the replication of programs in regions and across regions, and whether the possibility of cluster-type projects that promote symbiotic relationships and the sharing of resources exist³⁵
- After visiting a project, the project officer will write a summary of the project, and where appropriate, make a recommendation for funding. Decisions on whether or not to recommend funding are then made, in turn, by the project coordinator, the Executive Director and, finally, the Trustees

Project Officer Recommendation

A recommendation includes information as requested in the application form plus the following data. These are actual form headings:

- Project Officer (name)
- Date of (site) Visit
- Province
- Urban/Rural
- Organization's Awareness of EOF
- Geographical Location
- Goal
- Program Impact
- Staff Capacity
- Networking Program Support (non-Financial)
- Budget (Itemized)
- Recommendation³⁶

Board Committee Review

The next steps in the process are to forward the approved recommendation on to the Grantmaking Subcommittee, and then onto the Board of Trustees.

Subject to the approval of the project coordinator and Executive Director, recommendations for funding from project officers are forwarded to the Grantmaking Subcommittee for scrutiny two weeks before it sits. At the actual Grantmaking Subcommittee meeting, project officers present applications to Trustees who either accept or reject them for funding.

Once an application is approved or declined by the Grantmaking Subcommittee, the minutes of their meeting are prepared and forwarded to the board of Trustees two weeks before it sits for final discussion and approval or rejection.³⁷

Evaluation of Projects

The evaluation of projects follows rigorous guidelines. Approximately six months after the disbursement of funds, projects and programs are given an initial evaluation. The purpose of evaluation currently is to monitor and assess funded projects in relation to financial accountability and to assess programmatic progress. This process involves the following steps.

First, grantees evaluate themselves by completing a standard evaluation form that contains the following headings:

Assessment of Objectives

Objectives

1. Program name funded by the Equal Opportunity Foundation
2. Please describe in detail the objectives of the program being evaluated
3. Please discuss your progress in achieving these objectives.
4. a. What problems did you experience during the implementation of your program?
b. How did you manage to overcome these problems or how do you intend to overcome these problems?
5. What are the positive results of this program?

Results During and After Project Implementation

6. a. How many people in your target group were positively affected by this program?
b. Discuss in detail the benefit of this program to this group.

Job Creation

7. a. Were any jobs created as a result of this project?
b. How many were created?
c. Please provide the names and addresses of employers
d. What types of jobs were created?

Training

8. a. Have people been trained as a result of your program?
b. How many staff members were trained?
c. How many community members were trained?
d. Who provided the training?
e. What type of training was received? List the courses and workshops.
f. What were the aims of the training?
g. How did it assist in the better understanding of your project?
h. What training will be needed in the future?

Funding

9. a. Have you received further funding from other sources?
b. For this program? List sources and amounts.
c. For your other programs? List sources and amounts.

Sustainability and Future Plans

10. a. What is the intended life-span of your organization? Please explain your answer.
- b. If funding was obtained from the EOF for a specific program, what was the intended lifespan of this program? Please motivate your answer. What are your financial and other plans to sustain your organization/program? Please explain all your answers.
11. Does your organization have a funding deficit? If yes, please explain what you will do to overcome this situation.

Networking with Other Organizations

12. During the course of program implementation, have any links been forged with other NGOs? If yes, please describe these and the benefit to your organization.

Financial Reporting

13. EOF Grant – Summarized breakdown of expenditure, e.g. total training or equipment or travel, etc. expenses thus far.³⁸

Then project officers conduct an evaluation visit to assess progress, and where appropriate, after consultation, make interventions to maximize the development impact of the project.

Finally, evaluation forms from grantees are returned to the Foundation, they are compiled with the project officer's written evaluation report and presented at an Evaluation Subcommittee meeting. The project officer's report contains the following headings:

Organization
 Project Name
 Province
 Sector
 Grant Period
 Conditions as set out in terms of grant
 Results of the program
 Problems Encountered
 Solution(s) to Problems Encountered
 Positive Affects
 Did the project receive press coverage?
 Is the project self-sustainable?
 Number of people positively affected _____
 Number of jobs created _____
 Number of people trained
 Future Needs _____
 General Comments³⁹

Should the Evaluation Subcommittee be satisfied that a project is progressing and that the grant is making a significant difference, it recommends a further term of funding when the funding period is longer than one year. EOF sees its role as creating chances for communities to develop themselves toward self-sustainability and, thus, does not renew funding too many times.⁴⁰

Example 2

Board Recommendations, Letters of Acceptance and Rejection
Children and Youth Foundation of the Philippines

The Children and Youth Foundation of the Philippines (CYFP) chooses partners that it believes are doing the most effective work to address priority issues for children and youth in the Philippines. It then strengthens, expands and replicates these programs through grants and other forms of support including technical assistance, advocacy, research and the building of collaboration with other sectors. Its grant approval process is closely guided by its development philosophy and organizational values. Staff members review and evaluate proposals from organizations working in CYFP's focus areas and make recommendations to a board committee. They are also responsible for communicating the board's decisions and advice to the applicants.

Recommendations to the Board

CYFP has developed the following format for grant recommendations to be presented to the Board Program Committee:

- I. Title of the Project
- II. Description of the project
 - A. Status of the Project: New () Ongoing ()
 - If new, how does this project relate to Alger's (Consuelo Zobel Alger Foundation, CYFP's parent foundation and major funder) and CYFP's vision, mission, and goals?
 - What has it done in the past?
 - B. Objectives
 - Short-, medium-, and long-term objectives
 - Milestones that can be monitored
 - C. Target clients
 - D. Interventions
- III. Evaluation of the proponent
 - A. What is its program expertise?
 - B. Does it have a track record in implementing a similar project?
 - C. Management
 - What is the management structure of the organization?
 - Is decision-making centered around a single person?
 - If so, what plans, if any, are there to develop a stronger management resource base?
 - Should CYFP's proposed assistance be linked to these plans?
- IV. Project goals
 - A. An appraisal of the chances of achieving the goals.
 - What is the environment for implementation? Is it favorable or hostile?
 - B. Comparative performance
 - Compare the activities and track record of proponent with those of other organizations also working in that field (e.g., street children).
 - What, if anything, is unique about the proponent or its approach to the problem it addresses?

- What are its particular strengths?
- What special challenges does it face?
- Assess their ability to meet their objectives compared with other implementers in similar fields?

V. Duration of support

- A. How long should the project be supported? Why?
- B. How will the proponent continue once CYFP funding is ended or withdrawn?

VI. Total cost of the project

- A. What are the other sources the proponent intends to tap apart from CYFP funding and its counterpart?
- B. If there are other funds coming already, how long have they been supporting proponent?
- C. In what areas has this other funding been used?
- D. How would the above relate to CYFP funding?
- E. Comments/assessments from the other donors.
- F. What is or how much is the proponents' counterpart?
- G. How much is requested from CYFP?
- H. Where is the funding going?
- I. How does the cost compare with a similar project CYFP supports?

VII. Assessments of performance of partners [i.e. existing grantees being recommended for supplemental support]

- A. How long has the partner been with the network? What and how much is the total support provided to date?
- B. How would you assess the partner's performance so far?
- C. Assessment of the impact of the project
 - This should go beyond an enumeration of number of children/youth attended to, training programs conducted, etc., but where possible should attempt to describe changes in attitudes, income, lifestyle, health, etc.
- D. Financial sustainability
 - Does the project have a developed sustainability plan? How realistic is it?
 - What are the milestones of the plan to be considered? At what stage is the proponent in the implementation of this plan?
 - How, if at all, should CYFP's proposed assistance be linked to this plan?

Letter of Acceptance

The following sample letter serves to notify an organization of CYFP's approval of its proposal. CYFP points out both the virtues of the program and areas where it might be strengthened. This particular letter indicates that the applicant met with a board committee to explain the proposed program and answer questions. Few foundations take this approach. A more common practice is for staff members to seek any required clarification from the applicant by telephone, email or letter or during a visit to the organization. In some cases the board defers a decision, pending additional information or clarification to be obtained by the staff.

We are pleased to inform you that the CYFP Board of Trustees at its meeting on date approved your proposal entitled proposal name . The project will have a maximum funding of amount , which will go to activities spelled out in the proposal.

During the discussion of your project, the Board made some comments that we would like to share with you. It noted with satisfaction your beginning effort to reach out to the community where some of the partner organization children come from in order to minimize relapse of children reconciled with their families.

Your fundraising activities to make partner organization sustainable did not go unnoticed either. The Board members thought that you were on target in tapping government sources for some of your activities. They have always believed that one way of insuring NGO's financial sustainability is to work closely with local government units. They have funds that can be channeled to organizations like yours, if only they are made aware that NGO efforts are meant to support the government's plan to improve the conditions of its constituents, the street children in your case. You could help in dramatizing this symbiotic relationship between the public and the NGO sectors, especially in a place like place , where, the Board realizes, extraordinary efforts are needed.

We would also like to thank you for participating in the meeting. You certainly have been able to communicate the significance of your project and make us visualize more vividly what is happening to the children who go through .

Ms./Mr. name , CYFP Program Officer, will guide you through the requirements (e.g., the IRS form, MOA among others) that will have to be satisfied to avail of this funding assistance. All the best and we wish you success in this endeavor.⁴¹

Letter of Rejection

A number of letters are used by CYFP in rejecting proposals. In this example, the Board welcomes another meeting to discuss a revised proposal and suggests points for consideration:

This has reference to the organization's application for a grant amounting to amount for title of proposal , which was reviewed by the CYFP Board in its meeting last date . The Board has several concerns regarding the proposed program, but could take up your revised proposal at its next meeting. Specific concerns .

Please know that the Board would simply like to help increase the chance of the project's succeeding and staying in place, and are optimistic that you will consider the following points, revise your proposal, and resubmit it for review.

Please do not hesitate to contact us should there be need for further clarification on any of the preceding points. We look forward to hearing from you.⁴²

Example 3 For Grantee Reporting
VITAE (Brazil)

VITAE has developed a comprehensive set of documents providing guidelines on grantee reporting requirements. Such documents help avoid misunderstanding between grantor and grantee. These documents accompany the grant letter which stipulates when grant payments will be made, sets out narrative and financial reporting requirements, as well as restrictions on the use of funds.

The packet of materials going to new grantees contains a letter requesting that everyone involved in the project, both on the technical and financial aspects, be familiar with the documentation.

Dear Sirs

We hereby inform you that the Terms of Agreement (here attached) is the document that will regulate the relations between your institution and Vitae relative to guiding the implementation and execution of the referred project.

Consequently, we would like to emphasize that all those involved in executing the project from both the technical and financial functional areas must have a complete knowledge of this document.

In our experience, this procedure ensures a more effective flow of activities related to the implementation of the project. In the annex, we make some suggestions that will certainly facilitate project reporting, both for the coordinating team responsible for the proposal and for Vitae.

We would like to take this opportunity to inform you that due to the high volume of reports that Vitae analyses, it is of fundamental importance that the technical and financial reports be presented using the specific Summary Form. We emphasize that we will not accept reports that have not been completed according to this procedure.⁴³

The terms of agreement are in two sections. The first section is a one-sheet form that asks for this grantee information (in addition to address, telephone, etc.):

- duration of project
- objective
- goals
- amount requested

The second section asks for:

1. particulars for bank deposits and a time line for disbursements—number, date and amount, and percentages applied to each budget line item
2. confirmation that the funds will only be utilized in accordance with the original authorization assurances that all involved in the project will observe and comply with the general conditions in the agreement, seek to achieve the objectives agreed to in the original proposal, strive for maximum impact, send technical and financial reports, raise matching funds, and send to the foundation copies of all materials used or produced in the project

Attachments to the reporting package include summary forms for technical and financial reports, guidelines for filling out the forms, including definition of terms; a two-page list of 25 conditions of the VITAE grant; terms of agreement, and two

annexed tables indicating the timeline for the use of funds. VITAE asks its grantees to use the following summary forms for technical and financial reports:

Summary Technical Report Form		
	Project # _____	Due date _/~/_
Grantee: _____		
Name of project: _____		
Grant period: _____		
Brief summary of progress during period [more space given]		
Brief summary of problems encountered [more space given]		
Annexed documents, number and specify [more space given]		

Summary Financial Report Form

	Project # _____	Due date _/~/_
Grantee: _____		
Name of project: _____		
Grant period: _____		
Receipts:		Expenditures (<i>by item and sub-item</i>)
1 Previous balance	R\$ _____	1 _____ R\$ _____
2 Deposits	R\$ _____	2 _____ R\$ _____
3 Expenditures	R\$ _____	3 _____ R\$ _____
Total receipts	R\$ _____	4 _____ R\$ _____
Projected budget	R\$ _____	Balance available ⁴⁴ R\$ _____

Example 4 A Standardized Project Monitoring and Evaluation System
Foundation for the Philippine Environment

The Foundation for the Philippine Environment (FPE) developed a standardized project monitoring and evaluation system. This system includes forms for monitoring site visits, a project monitoring checklist and an internal monitoring form.

Each grantee, referred to as a partner organization, signs a grant agreement specifying an annual work plan with objectives and activities. Progress is evaluated by the grantee and one of FPE's program officers through project status reports required on a quarterly basis. The quarterly reports submitted by the grantee include program accomplishments and updated financial reports. Funds are also disbursed four times a year and are released on receipt and review of these reports. If the field is a new area of involvement for FPE and/or the organization is a first-time grantee, foundation staff or consultants undertake site visits to meet with project staff, beneficiaries and other stakeholders and review progress and shortcomings, and if necessary make recommendations for getting the project back on track.

In its grants administration manual, FPE provides information about its monitoring and evaluation process, as well as the necessary forms. First is the project monitoring form to be used by foundation project staff and consultants on site visits undertaken twice a year:

Project Monitoring Form for Staff/Consultant Six Monthly Field Visit (outline)

Purpose: To assess project progress and accomplishments vis-à-vis plan of action.

Output: Semi-annual or annual status report

Suggested overall flow of activities:

- Initial meeting with project staff
- Review and assess accomplishments, inputs, results, problems, solutions
- Identify key informants (proponent [grantee], community/beneficiaries, external)
- Records/documents review
- Management reports
- Financial records
- Field site inspection

Community beneficiary interviews

Interview with key (external) informants [including govt officials]

Individual staff interviews

Group meeting with and feedback from project management staff [clarification of objectives]

Group meeting with and feedback from proponent [grantee] board and management [e.g. policy issues of hiring/relations with government, support from government]⁴⁵

Second, the Project Monitoring Checklist accompanies the monitoring form and suggests questions to ask about projects in the areas of project objectives, community participation, and project management:

Project Monitoring Checklist

1. Accomplishment of Project Objectives

- Did the project accomplish its set objectives for the period?
- What are the concrete and measurable indicators for project accomplishment? What methods did the proponent use to assess or measure accomplishments?
- What major inputs or critical activities contributed to the accomplishment of objectives?
- Does the accomplishment for the period contribute to accomplishment of overall or general project objectives?
- What problems or situations significantly affected accomplishment of project objectives?
- What steps were taken by the proponent to counter or resolve these problems?

2. Community/Beneficiaries' Participation

- In what ways were the community/beneficiaries involved in critical project activities?
- What capabilities of community/beneficiaries were enhanced in relation to project objectives?
- How did community members benefit from the project?

3. Project Management

- Were project staff effective in fulfilling their work? Did they produce results?
- Was the project manager or coordinator effective in facilitating better staff functioning and producing results?
- Was the project management structure effective for decision-making, coordination, action, and controls?
- What particular difficulties or problems were encountered in relation to project management?
- How are these problems (proposed to be) solved?⁴⁶

Third, FPE consolidates its monitoring effort into a single project status report. This report is prepared every six months by the Program Officer responsible for the project. It uses this format:

Foundation for the Philippine Environment Semi-Annual/Annual Project Status Report (Outline)

IDENTIFYING INFORMATION

Project name
 Project type
 Project site
 Ecosystem/resource base
 Status: (New, Ongoing)
 Start-up date
 Proponent's name and address
 Contact person
 Total amount of grant
 Cumulative releases (to date)
 Amount of funds utilized

Funds balance (or released amount)
Grant balance (unreleased amount)

SUMMARY ASSESSMENT

Brief over-all description of the project
Major accomplishments of project objectives
Major difficulties or problems encountered
Recommendation for project continuation

ACCOMPLISHMENTS PER OBJECTIVE

Objective
Critical activities

Accomplishments	Problems encountered	Solutions/recommendations
<i>Results obtained from critical activities and project inputs</i>	<i>Problems or difficulties in project operations</i>	<i>Action or steps to solve problems and results (so far) of such step</i>
<i>Concrete indicators or measures of accomplishment</i>	<i>Hindrances to full accomplishment of objectives</i>	<i>Recommendations or decisions to mitigate problems and improve operations; when these will take effect</i>
<i>Level of attainment (quantitative or qualitative of objective) Sources of key information (if relevant or indicating reliability)</i>	<i>Assessment of causes of problems</i>	
<i>Annex detailed results, descriptions, documentation, or plans.</i>		

OTHER PROBLEMS ENCOUNTERED and SOLUTIONS/RECOMMENDATIONS

Problems or setbacks pertaining to overall operations or a combination of objectives and components:

- 1) Internal (i.e., in project management, operations, staffing, controls, documentation)
- 2) External (i.e., developments in project environment, other institutions, policies, etc., affecting project)

Solution or recommendations of proponent [i.e. grantee] vis-a-vis above problems. Resources or inputs needed to put recommendations into effect.

FUNDS USAGE AND MANAGEMENT

Summary of funds usage (attach detailed report)
Total grant amount
Cumulative releases
Funds utilized (of released funds)
Variance in funds usage

<i>Item</i>	<i>Budget</i>	<i>Expenditure</i>	<i>Variance %</i>	<i>Reason for variance</i>
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	<i>(In project plan of action)</i>	<i>(in financial report)</i>		

Problems/solutions related to funds and financial management
 Proposed budget modifications [FPE is careful to note any variance between projected and actual administrative and program costs]

RECOMMENDATIONS

For project improvement, continuity
 For proponent development and capability-building
 For linking project results and learning with other projects

In 1998, FPE's total grant portfolio was managed by a group of nine program officers. They work closely with staff of the finance unit in reviewing grant reports. Project financial analysts from FPE's finance unit make an assessment of the grantee's financial management system. This includes an inspection of accounts (including on-site visits once a year) and the mentoring of the grantee's program management and finance staff on the development of their financial systems. Both program officers and project financial analysts can recommend training for the staff of grantees.

In the course of using the above instruments certain lessons have been learned. The first is the need to give more feedback to the community on the results of the monitoring and evaluation. The second is the need to take into consideration external factors such as the action of local government that can affect the results of the project. FPE is in the process of revising its system to take these lessons into account.

Section 6 **Strengthening Grantee/Partner Capacity**

This section provides two examples of the critical role foundations can play in strengthening the capacity of their grantees/partners through training and technical assistance.

Example 1 Support for the Development of Community Organizations
Social Change Assistance Trust (South Africa)

Example 2 A Management Capacity-Building Program
Abrinq Foundation for Children's Rights (Brazil)

Why Become Involved in Capacity Building?

Through their grantmaking, foundations are striving to achieve ambitious social and economic objectives. The success of their grants relies to a large extent on the capacity of the organizations they fund. In the process of selecting grantee organizations the foundations make an assessment of the capacity of each organization to implement the proposed program or project. Particularly where grants are being made to community-based organizations or local NGOs the assessment will often identify areas that could be strengthened in order to increase their efficiency as organizations and their effectiveness in reaching their objectives. These include areas of internal management such as accounting and report writing skills, the need to develop skills to build links with other sectors and the need to develop sustainable sources of financing.

Many foundations therefore design specific program interventions to assist grantee or partner organizations to strengthen their capacity in areas such as program and institutional management skills, communications skills, fundraising expertise and the ability to build partnerships with other sectors.

How Can Foundations Strengthen the Capacity of Grantees/Partners?

Two broad strategies for strengthening capacity are technical assistance and training (through workshops or longer courses). Some of the ways foundations have translated these strategies into activities are:

- Providing, as part of a larger grant to an organization, funding for the partner to retain technical assistance in areas such as strategic planning, staff development, fundraising or program development; undertake visits to other organizations, attend training courses or conferences or participate in internships.
- Giving grants to selected support organizations to enable them to provide technical assistance and training to one or more of their partners or facilitate a range of peer learning programs between partners.

- Retaining on their staff professionals with the required skills to provide organizational development and other technical support services to partner organizations.
- Providing financial incentives for their grantees/partners to develop skills in certain strategic areas, such as Scat's Fundraising Incentive Scheme.
- Helping connect partner civil society organizations to sources of volunteer technical expertise from the private business sector in areas such as accounting and marketing.

Summary Points

Capacity building of civil society organizations— especially community-based organizations (CBO) and non-governmental organizations (NGOs)—is central to the mission of many foundations and thus forms an important part of their grantmaking programs. This can be accomplished in many ways ranging from the direct provision of technical assistance and training by foundation staff to the provision of grants to NGOs specializing in the provision of technical support to the nonprofit sector. An increasingly preferred option is to include, in the grants to partner organizations, funds to allow them to hire consultant services from the organizations best serving their needs. Civil society organizations generally find it difficult to raise funds for their own human resource development so foundation support can be of critical importance.

Training needs are usually very diverse. They range from general skills in organizational development and administration to more specific skills related to the problem area being addressed by the grantee/partner organization. Different approaches may be used for different levels of training.

Foundations are usually advised to delegate the capacity building function to one or more specialized organizations. It is generally advisable for foundations to take advantage of training capacity in other national organizations rather than build a comprehensive in-house training and technical assistance capability. However it is common for training that is specific to foundation program/project management such as report writing, monitoring and evaluation to be conducted by foundation program officers.

Peer-to-peer learning is often a key element in capacity-building for the nonprofit sector. Foundations can provide opportunities for grantees/partners working on related programs to pool experience and develop new approaches to strengthening their own organizations and increasing program impact. This peer-to-peer learning can be facilitated either by foundation staff, independent consultants or a grantee support organization.

Example 1

Support for Strengthening Community Based Organizations
Social Change Assistance Trust (South Africa)

Central to mission of the Social Change Assistance Trust (Scat) is a commitment “to empower the rural poor, to strengthen civil society and promote social change.”⁴⁷ Its strategy for achieving this mission is to strengthen a certain type of community based organization, which it calls a local development agency or LDA. LDAs started as para-legal advice offices providing critical support to citizens during South Africa’s apartheid era. With the end of apartheid, LDAs have taken on broader community roles in areas such as conflict resolution and the promotion of education and community development. They act as a bridge between needs and resources. They have at least one paid staff member and are governed by boards of volunteers drawn from the communities they serve. They are accountable to those communities through a constitution and an annual general meeting.

Scat provides its partners with long-term core support with a view to enhancing their capacity to serve the needs of their communities. The support they provide selected organizations is directed principally towards technical assistance and training. It usually comprises the following elements:

- Multi-year core grants, training and technical assistance
- Grants for training (directly to LDAs and to NGOs that provide support to LDAs)
- Matching funds to encourage local fundraising

Multi-year Core Grants, Training and Technical Assistance

Scat chose to focus on strengthening promising and proven organizations. It does not see itself in the business of creating new organizations. The process of selection of partners is therefore central to its grantmaking program. To guide staff in this process, Scat has developed a set of criteria to be met if organizations are to qualify to receive grants for core support. According to these criteria, project partners must:

- Be in rural areas of the Western, Eastern or Northern Cape provinces
- Be community-based with membership open to all
- Have a written constitution and defined aims, objectives and plans
- Have accountable leadership
- Make sure that women are adequately represented at all levels
- Make sure that the people who they serve are adequately represented on the committees
- Have adequate financial management measures in place⁴⁸

In the poorest rural areas that Scat is targeting, these criteria are not easy to meet. Scat has therefore devised a way to support organizations that do not yet fully meet the criteria but show potential to become LDAs. In these cases “seed funding” is granted for an initial period of three months, which may be extended by another three months. During this time, Scat field staff work intensively with the organization to enable it to gain the capacity to fully meet Scat criteria. In exceptional cases only, seed funding may be granted for a third three-month term.

The progress of organizations receiving seed funding is reported on at every Scat board meeting. Reasons why a particular organization cannot be granted full funding, yet still merits seed funding, are brought up for discussion.

For organizations that fully meet the selection criteria, Scat provides core financial support (covering salaries, utilities, rent etc.) on an annual basis with a multi-year commitment. In addition, Scat field workers provide organizational development support services for individual LDAs and organize “cluster meetings”—organizational development workshops—and regional seminars which bring together LDAs to work on common problems and develop joint strategies. The support includes acting as a link to funding sources and providing a bridge to other organizations, particularly local and provincial governments.

Scat has developed basic training modules on themes such as basic bookkeeping, record keeping and report writing. The technical assistance component has increased in importance over time in response to observed weaknesses of LDAs and Scat has invested in training its own staff to provide this support.

Grants for Training

In addition to core funding and direct technical assistance by its own field staff, Scat later introduced another element into the support package. It recognized its own staff cannot respond to all the training needs of LDAs and that they should be free to go to other organizations for assistance. Partners are now given an annual fund to spend on capacity building of their own choice for staff, volunteer management, and the community in general.

To complement the support given directly to LDAs, Scat gives grants to selected support NGOs that work with and build capacity in LDAs. These organizations provide research, legal and professional expertise in fields such as public policy, as well as providing direct technical assistance at the community level. They are selected by Scat and invited to submit proposals. In 1997, Scat gave grants to a total of 63 LDAs and 14 such service organizations.

Matching Funds: the Fundraising Incentive Scheme (FRIS)

In 1995 Scat, concerned that many LDAs were dependent on grant funding, started a new scheme, the Fundraising Incentive Scheme (FRIS), to encourage them to gain the capacity to raise funding in their own communities. Under FRIS, Scat gives five rand for every rand (about US\$0.18 in 1999) raised by the LDA. The scheme provides an incentive to raise money from those benefiting from the services of the organization through events such as discos, concerts, agricultural shows, festivals, games evenings, cake sales and choir competitions. Money collected from membership dues is also considered under the matching scheme.

The scheme has resulted in LDAs mobilizing over R17,000 by 1998 (over US\$3,000). The fundraising activities have also produced non-financial benefits that have strengthened the roles of LDAs. As a 1998 case study of SCAT points out: “these fundraising activities are not merely an end in themselves: they build community spirit; enable the LDAs to share fundraising responsibilities with Scat;

provide opportunities to address community issues; mobilize communities around these issues; and, provide opportunities for community organizations, local businesses and others in the community to work together. One LDA, for instance, organized a Valentine Ball for youth, which encouraged them to participate in anti-crime and AIDS awareness campaigns. The event also drew in about six local businesses, which donated prizes and some resources for the event.”⁴⁹

Scat director, Annemarie Hendrikz, points out, “there is enormous potential for people with little money to make a contribution to their own community based organization and this scheme encourages good financial management.” It is an interesting example of an innovative approach to leveraging foundation grants and enhancing organizational capacity at the same time.

Example 2

A Management Capacity-Building Program *Abrinq Foundation For Children's Rights (Brazil)*

In the course of evaluating its efforts, the Abrinq Foundation for Children's Rights realized that its “Our Children Program,” a grantmaking program providing support to child care organizations in the state of São Paulo, Brazil, was not having the level of impact that it felt was possible. As a strategy to improve the results, Abrinq decided to complement its grants with an element of capacity building to assist grantees to improve the quality of programs. Towards this end, it created a new two-year program (1996 to 1997) called the Technical Management Capacity-Building Program aimed at raising the quality of care provided by its grantees. This program reached 43 organizations.

The First Year: Increasing Awareness

In the first year of the program, Abrinq focused on increasing the awareness of its grantees about the need to improve the quality of the care they were providing. Its activities aimed to raise the quality of the response to the needs of children, youth and adolescents, especially in relation to the community and the family, the network of care, and the management of social programs. The “quality approach” focused on strategic planning, management, communications, marketing and fundraising.

The Second Year: A Series of Training Events

The second year of the program focused on improving the management skills of staff and providing the staff of day-care centers, shelters and youth centers with access to technical and pedagogical information and expertise. Abrinq sponsored seminars, meetings of educators, in-service workshops, and courses, related to the care of 10-to-18-year-olds and management skills for child-care organizations.

Abrinq hired consultants to organize the events (seminars, courses, workshops, etc.). The topics were chosen jointly by the technical team of Abrinq's “Our Children Program” staff and the consultants.

Responding to the needs identified in the first year of the program, working groups

of practitioners from grantee organizations were formed around four broad themes:

- Work and education of children and adolescents
- The social responsibility of service organizations for the child and the adolescent: a technical-legal approach
- The organization as a social business: the challenge of nonprofit organizations
- The children's shelter as special protection: its relations with the community and the legal system

These working groups met to exchange experience and forge new approaches.

Evaluation

Abrinq hired a consultant to evaluate the impact of the capacity building program. First the consultant evaluated each organization, relying on Abrinq staff reports, before the start of the program. In a second phase, the consultant participated in program events. In the third stage, after the completion of the program, the consultant visited organizations in the field to evaluate the change in organizational capacity. The final result was an individual report on each organization and a final follow-up report of the Technical and Management Capacity-Building Program.

Abrinq chose four aspects of organizational development to evaluate:

- Management
- Physical installations
- Human Resources
- Services

Abrinq monitored the progress of the participating organizations with regard to these aspects to determine the effects of the program. The evaluation concluded:

In general, participants made important progress. They were exposed to many topics to which they had not given much thought until then. They were eager to implement the new concepts they had learned, applying concrete measures to improve their services or working towards those goals. The whole process of capacity building and its results transformed the relationship of association with Abrinq to one of greater financial independence and allowed Abrinq to free up resources for new affiliations.⁵⁰

The Abrinq Foundation for Children's Rights intends to publish workbooks that pull together the findings of each of the working groups. They believe this material will contribute to their efforts, within the framework of the "Our Children Project" to build a movement for the improvement of services to children and adolescents.

Section 7 **Supporting Income Generation Programs**

This section focuses on foundations that have developed innovative ways of supporting local income and employment generation programs through a combination of grants, loans and venture capital.

- | | |
|-----------|---|
| Example 1 | Venture Capital, Technical Assistance and Credit
<i>Esquel Ecuador Foundation</i> |
| Example 2 | Strengthening Micro-, Small and Medium Enterprises
<i>Corona Foundation (Colombia)</i> |
| Example 3 | Prioritizing Non-Grant Financial Instruments
<i>Foundation for a Sustainable Society, Inc. (Philippines)</i> |

Many foundations to promote the economic progress of low-income communities. In the pursuit of this end, they have sought for new economic options for the poor and have developed strategies that are both grantmaking and non-grantmaking.

How can new economic options be generated?

Foundations have devised a range of program strategies. Some have opted for the direct delivery of financial services to small and micro enterprises at the community level (frequently in partnership with other institutions). This support includes grants, loans and equity investment. It usually incorporates the provision of technical assistance as an essential element. The Esquel Ecuador Foundation (FEE) has opted for this type of program intervention.

Other foundations decide to focus their program on increasing the effectiveness of existing institutions specializing in the provision of financial services and/or influencing policy and practice in the field. Corona provides an example of this approach.

As with other program areas, foundations identify areas where they can bring added value and achieve high impact with their resources. The experience of the Foundation for a Sustainable Society, Inc. (FSSI) shows that by partnering with mainstream financial institutions it was able to leverage additional resources and increase the reach and quality of other programs. A few foundations such as FSSI opt almost exclusively for the use of loans and social venture capital as opposed to grants because they want to both foster an entrepreneurial spirit and recover their investment. This strategy enables them to benefit a larger number of businesses.

Summary points

Increasingly foundations are exploring new ways of stimulating the economic empowerment of low- income communities. The use of options such as the provision of credit and equity to micro-, small and medium enterprises can permit foundations focusing on economic empowerment to reach more beneficiaries and broaden their impact. These programs can be managed in-house or implemented through grants or loans to credit institutions.

Those foundations that directly manage credit, venture capital or loan guarantee programs need to recognize the risk involved. Foundations that have taken this approach require appropriate expertise amongst their staff, Board and consultants to reduce risk. Management of these programs requires special skills in areas such as the selection of credit and equity recipients. Those decisions involve assessment of business profitability in addition to social and environmental risks. It is also advisable to developing risk-sharing arrangements with other credit institutions, both public and private.

Another option is for the foundations to put their energy into strengthening existing credit institutions. Here, the foundations identify those credit and loan institutions with the highest potential to offer an effective service to borrowers and provide them with the technical and financial support they require. As part of their technical support they can link those institutions to other sources of finance and expertise. In some cases they also support increasing the availability and improved quality of small-enterprise management training in existing educational institutions, corporations and NGOs.

Example 1

The Direct Provision of Venture Capital, Technical Assistance and Credit *Esquel Ecuador Foundation*

The Community Economic and Social Development Program

In 1994, the Esquel Ecuador Foundation (FEE) initiated a new program to support economic and social development at the community level. Staff was concerned at the rapidly deteriorating economic situation in the country (particularly high interest rates and a lack of access to credit) and saw a need to develop innovative approaches to build sustainable livelihoods. FEE's Community Economic and Social Development Program (PROCESO), incorporated venture capital, technical assistance for small-scale producers and credit. The Foundation planned for this new non-grant program to complement its grant programs and help it achieve its mission to improve the quality of life of the lowest income groups in Ecuador.

It took approximately two years to design the program and negotiate grant support from the Inter-American Development Bank (IDB). Negotiations started in 1992 and the agreement with IDB was signed in December 1994. Funds were received in June 1995.

The program gave preference to small enterprises benefiting women, youth, indigenous groups, civil society organizations and non-governmental organizations.

It also gave preference to those enterprises that could demonstrate clear potential financial profitability and did not have a negative impact on the environment.

Venture Capital

A portion of the grant funds from IDB were set aside for FEE to invest as venture capital in small enterprises. FEE was limited to investing up to a maximum of 40% of the total share value in each enterprise. The program provided for FEE to sell its shares, once the enterprise was profitable, offering first choice to existing shareholders. According to the guidelines the enterprise would make the decision on when to buy the FEE shares and could do it progressively. It was envisaged that FEE would recover its share capital within four years and have it available for investment in other companies.

To apply for capital, an enterprise had to present a feasibility study. This feasibility study needed to include a detailed business plan, information on existing debts, environmental and social impact analyses (including proof that the business paid employees at least minimum wage and adhered to all other requirements established in national labor legislation). PROCESO staff and consultants analyzed the feasibility studies, requesting additional information where needed. If the analysis was positive and the enterprise considered a good investment, a recommendation would be made first to a Technical Committee of the Foundation. If they approved the investment plan it would be submitted to the Board of Esquel for final approval. A legal contract would then be signed stating, amongst other stipulations, that FEE would not participate in the management of the enterprise.

Use of venture capital has been a learning process for FEE. Staff learned it is difficult to create profitable community-level enterprises only using the venture capital mechanism and have become more proactive in generating more viable investments. Also expectations for returns on investments have had to be scaled down. Nevertheless, the program has demonstrated a significant demand for venture capital. As a next step, FEE is exploring the creation of a social venture capital company, independent of the foundation and in partnership with other investors that can provide an ongoing service and generate income for FEE's ongoing nonprofit activities. Such an option will clearly depend on the general state of the economy and the existence of a legal and tax framework that permitted such an option.

Some specific lessons FEE has learned to date from applying the venture capital mechanism are:

- It was unrealistic to think that start-up enterprises managed by community groups could become viable recipients of venture capital investment or that viable enterprises would be identified through NGO networks. The investment of time and money in providing advice to community organizations throughout the country in the preparation of pre-feasibility and feasibility studies produced few results. Most groups did not realize they had to invest at least \$15,000 themselves.
- Venture capital succeeded where the program sought out existing enterprises that already had strong managerial capacity and potential and were able to prepare good business plans. These constituted the majority of the 80 percent of the enterprises receiving venture capital

that survived (as opposed to two of the four created by community groups that failed).

- There was a realization that in a number of cases investment in excess of the limit would be required in order to develop a viable enterprise. In response the investment limit was increased from \$50,000 to \$150,000 in February 1998.
- Staff found that it was necessary to visit enterprises at least once every three months and be available for consultation at any time if difficulties or problems arise.
- Staff felt that in most cases four years is too short a time for enterprises to achieve profitability. Therefore the target of selling all shares after four years is probably unrealistic.⁵¹

Training and Technical Assistance

Program funds were set aside for FEE to offer training and technical assistance in enterprise development for small and medium businesses. This service was initially provided free by FEE consultants.

By 1998, PROCESO had trained 23,000 people over three years in the fields of:

- Management and administration of businesses (group enterprises and individual small and medium enterprises)
- Production processes with emphasis on innovation and increase in productivity
- Marketing
- Institutional development for technical support organizations and participating social organizations⁵²

Workshops were given to groups of enterprises on subjects such as cost control and specially tailored advice given to address specific needs. In addition technical advice was given to potential applicants on how to prepare pre-feasibility and feasibility studies. An evaluation conducted in 1998 showed that 90.2% of participants had applied the knowledge acquired in their business activities; that 67.2% had become more competitive; and that 62% had increased their production, had improved the quality of their services and at the same time, raised their income and created more jobs.⁵³

In addition to this general training program, PROCESO provided “technical assistance in 93 specialized events to 14 enterprises receiving venture capital.”⁵⁴

FEE believes its training and technical assistance in terms of numbers reached and response was successful. One challenge it believes, however, is to make its program more demand driven.

It was not effective to provide technical assistance to enterprises free of charge. It should be provided on demand and be paid for. Experience has shown that enterprises attach more value to technical assistance and training they have contracted to meet specific needs. They see it as an investment. There is increasing realization that the role of FEE is to help the enterprises obtain the support and staff they need to increase their capacity. ⁵⁵

Credit

Faced with the option of directly managing a credit program or partnering with an established credit institution, FEE opted for the latter. A special fund for small enterprises was created within the Banco del Pacifico, a well-established bank with a

community development department and experience in providing credit to small enterprises, both urban and rural. The PROCESO funds have leveraged Banco del Pacifico loans on an approximate 1:1 basis. Under the agreement, the Bank agreed to provide technical assistance to credit recipients.

Overall, the results of the credit program have been successful. Over 600 loans were given in the first half of 1998 alone. FEE believes it was a wise decision to delegate it to a Bank with experience in handling loans. One significant change that it made is to modify guidelines to permit enterprises with existing debt to apply, provided the feasibility study could show that future cash flows would permit the repayment of the debt.

FEE's Overall Evaluation of PROCESO

The program outlined above has evolved in the light of experience and, as FEE was learning as it went along, it needed to modify guidelines a number of times. The experience in developing the PROCESO program shows that a foundation can stimulate increased income and employment at the community level but it will need access to business acumen and partners within the private sector. FEE felt it was important to build in a learning component into the overall program, provide for external evaluation (carried out by a private auditing company), and be ready to redesign and modify the effort as it went along.

Staff now believe that the three elements of the program (venture capital, technical assistance and credit) could have been better integrated in practice. For example, they believe, credit and technical assistance should have been provided to enterprises with the potential to become recipients of venture capital at a later stage of development. The credit program could have served, thus, as a nursery for the venture capital program.⁵⁶

Example 2

Strengthening Existing Organizations that Support Micro-, Small and Medium Enterprises
Corona Foundation (Colombia)

One of the main programs of the Corona Foundation, a corporate foundation created in 1963, is to strengthen micro-, small and medium enterprises. From 1990 to 1995 this program comprised almost 24 percent of the Foundation's grant budget. The reason for selecting this as a priority area lies in the Foundation's belief that the development of this sector is the "only way of ensuring a stable and harmonious democratic society that generates opportunities and resources for all."⁵⁷ A feasibility report prepared for Corona examined the state of the sector and pointed out that almost 90 percent of Colombia's million enterprises were either microenterprises or small or medium enterprises, 99 percent of which had less than 50 employees. This sector generated two-thirds of the total jobs in the country. The report suggested some of the main problems of the sector were low productivity, low wages and lack of competitiveness.

In response to these problems, Corona identified three program thrusts for its business development program:

- Promotion of an entrepreneurial spirit especially amongst youth
- Support for business management development, especially for microenterprises with 1-10 employees
- Support for technological innovation with emphasis on small enterprises with less than 50 employees

These three sub-programs were intended to be mutually supportive. The method selected for pursuing each was as follows:

- Grants were made to support business education programs in public schools, and business skills programs in universities, distance education institutes and specialized operating foundations and corporations.
- Until 1998, the Foundation managed its own Business Development Fund that provided a training course in micro-enterprise management to individual entrepreneurs and helped them to negotiate credit with financial intermediaries. However, this program was phased out because Corona preferred to support other organizations to provide this specialized training and technical assistance.
- The Foundation invested in a credit institution that provides credit to microenterprises. It also helped to strengthen other existing credit programs through its support for and participation in the National Association of Foundations and Corporations for Micro-enterprise Development. Finally it provided a grant to support the evaluation of the government's National Micro-enterprise Plan, financed principally by the Inter-American Development Bank, by the independent Center for Economic Development Studies.
- The Foundation gave grants to support organizations that work to facilitate the incorporation of technological innovations by small enterprises.

As a grantmaking foundation, the Corona Foundation has taken a different approach to that of foundations such as FEE and FSSI that directly manage credit programs. Taking into account the fact that in Colombia over 100 foundations, universities and labor unions directly operate and co-finance decentralized programs in support of microenterprises,⁵⁸ it decided to focus its efforts on increasing the effectiveness of existing programs and service institutions.

As Program Director William Cartier and Executive Director Francisco Carvajalino suggest:

Because of their autonomy, patience, persistence and regional and local roots [foundations] have the potential to build partnerships between different actors. The challenge is not only to provide technical support for new policies and programs [supporting microenterprises], but also to build "social capital" to enable innovative programs, that are sustainable and of high impact, to be implemented.⁵⁹

Example 3

Prioritizing Non-Grant Financial Instruments

Foundation for Sustainable Society, Inc. (The Philippines)

The Foundation for Sustainable Society, Inc. (FSSI) seeks to “serve as a resource institution for the economic empowerment of organized marginal rural and urban communities in the Philippines.⁶⁰ Its main program in pursuit of this mission, is the provision of financial assistance to rural social enterprises (enterprises owned and run by local community members). The program is carried out in partnership with other governmental and non-governmental organizations. The Foundation, which describes itself as an “NGO-Managed Non-Stock, nonprofit Corporation,” offers financial instruments such as loans, grants, equity and special deposits to NGOs, people’s organizations and micro- and small entrepreneurs engaged in sustainable enterprises.⁶¹

FSSI uses major networks of NGOs, cooperatives and peoples’ organizations to disseminate information on its services and invite requests for support. Applications are screened and appraised by both staff and consultants, who undertake site visits. The main criteria used in the selection process are community coverage (number of beneficiaries), ecological soundness, and economic viability. In approving projects, the Foundation also attempts to obtain a good spread both in terms of geography and ecological zone.⁶²

Evaluation of the Program

The program has been operating for two years. According to FSSI Executive Director Eugenio Gonzalez, the learning to date is that:

- The micro-loan guarantee schemes have been very effective. They allow the foundation to leverage additional funds for micro and small entrepreneurs from other sources. The foundation selects as service providers banks with a proven track record in micro-lending, high repayment rates, innovative approaches and sound finances.
- It is difficult to identify candidates for equity investment. Less than 2% of funds disbursed were for equity investment. Almost 50% went to credit and almost 25% to loan guarantees.
- Particularly at a time of economic crisis such as that prevailing in Asia, FSSI has seen it critical to be prudent in the selection of partners, monitor projects closely, develop risk-sharing arrangements, provide grants for capacity building and generate additional resources.
- The Foundation has become aware of the need to be more proactive in developing plans for supporting existing enterprises or developing new businesses that produce positive ecological benefits. With increased consumer concern for environmental protection these are seen to have strong commercial potential. Examples are businesses producing natural fertilizer and coconut by-products.
- Community-based or social organization-based enterprises often lack essential business skills. FSSI is trying to partner community enterprises with successful local entrepreneurs who have a social commitment to address these needs.⁶³

Section 8 **Building Bridges Across Sectors**

This section returns to the issue of the leading role foundations can play in building bridges between civil society, government and the business sector. Some of the experiences described influenced national policy while others produced impact at the local level.

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|-----------|---|
| Example 1 | Enhancing Individual and Corporate Social Responsibility
<i>Esquel Ecuador Foundation</i> |
| Example 2 | A Multi-Sectoral Commission to Reform Middle School Education
<i>Puerto Rico Community Foundation</i> |
| Example 3 | Fostering Partnerships for the Environment
<i>Foundation for the Philippine Environment</i> |
| Example 4 | Exercising a Leadership Role in Partnership Building
<i>Children and Youth Foundation of the Philippines</i> |

What Roles Can Foundations Play in Building Bridges Across Sectors?

Foundations can play an important role in creating opportunities for civil society organizations to improve their communications with government and the private sector and work together on common agendas. Two common ways they build bridges between sectors are:

- Convening people working on similar issues both within and across sectors by sponsoring meetings, workshops, working groups and other fora
- Building partnerships—relationships between individuals or groups around cooperation and responsibility to achieve a mutual goal—that will result in a greater impact against a social or economic goal

Building Bridges Between Civil Society and Government

In most of the cases in this section, the foundations sought to bring government agencies at the local and national level into communication with organizations from civil society. As in many instances, government and civil society are both trying to deal with some of the same social and economic issues; collaboration can bring new ideas and proposals into the policy arena and can empower civil society organizations with new information and resources. Both sides benefit in the long run.

The examples of the two Philippine foundations show that foundations can play a role in getting independent civil society organizations a seat at the table. Some elements that facilitated their role in building bridges to government were:

- Good contacts with key influential officials who have an expressed interest in collaboration with civil society
- Programmatic flexibility to take advantage of opportunities when they arise
- A track record of accomplishments in tackling social issues
- Resources to invest in processes that involve risks and may take considerable time to bear results

[Building Bridges Between Civil Society and Business](#)

Experience shows foundations can play a critical role in reaching out to the private sector and enabling businesses and entrepreneurs to play a more effective role in tackling pressing social issues. Foundations, like the Philippine Business for Social Progress, that were created by the business sector have an advantage, of course. Other foundations without business origins face a bigger challenge in developing partnerships with that sector.

The experience of three non-corporate foundations—Esquel Ecuador Foundation (FEE), Puerto Rico Community Foundation (PRCF) and Foundation for the Philippine Environment (FPE)—that have engaged the corporate sector in partnerships is discussed in this section. Another case is the Children and Youth Foundation of the Philippines (CYFP), which has promoted partnerships around the needs of children and youth at both the national and local levels.

These examples show that bridges between sectors were built at many levels where they did not previously exist. These connections, in turn, leverage new resources, create new policy initiatives, and improve the sharing of information and skills. Foundations are able to take risks where other institutions, particularly government institutions, may be more constrained. The building of partnerships requires foundations' best efforts to facilitate shared objectives and purpose.

Summary Points

Foundations can play a key role in building collaboration between civil society organizations and governments. This can take place at both the national and local levels. The collaboration brings multiple benefits. First it serves to bring innovative ideas and skills into government agencies in both the design of social policy and the delivery of services to the public. Second it enables civil society organizations to access information and resources that increase their effectiveness. Third it ensures that both public and private institutions are working together towards common goals avoiding duplication of effort and ensuring maximum impact.

Foundations, particularly corporate foundations, are well placed to facilitate cooperation between Civil Society Organizations (CSOs) and the business sector. Such cooperation can benefit civil society by bringing in additional skills and resources in areas such as financial administration, credit management and marketing. The business sector for its part benefits from the advice of the CSOs in strengthening the impact of their programs at the community level.

Board membership can be a critical factor in facilitating the building of partnerships with other sectors. Those foundations that have leading representatives of different sectors on their boards are at an advantage when building collaboration and partnerships between sectors. They can draw on a wide array of personal networks to open up opportunities and build trust and confidence.

Example 1

Enhancing Individual and Corporate Social Responsibility *Esquel Ecuador Foundation*

The Esquel Ecuador Foundation (FEE) has brought together government, business and civil society leaders to discuss major concerns facing the nation and jointly craft solutions in a number of areas. One major challenge it identified was the need to encourage greater social responsibility by wealthy individuals and corporations in the face of increasing poverty and social unrest.

As a first step in addressing this problem FEE commissioned research to identify existing patterns of philanthropic giving. This resulted in the publication in 1998 of a study on corporate social responsibility in Ecuador.⁶⁴ Esquel then convened a major national conference to share this information with heads of corporations, opinion leaders, the press and academics. International experts also attended to share the experience of other Latin American countries in promoting social responsibility and philanthropy. These activities resulted in the design of a National Program for Social Responsibility. The program is described as follows:

The main objective of this National Program for Social Responsibility is to strengthen the practice of social responsibility in Ecuador. Social responsibility is defined as non-paternalistic efforts to promote lasting change in the conditions of poverty and underdevelopment for all Ecuadorians. This focus is designed to have an impact on social and economic development in Ecuador through increased funding from the private sector to projects carried out by NGOs, projects carried out by businesses themselves and corporate policies which improve living and working conditions for workers, their families and the community.⁶⁵

This program's three sub-objectives are described as follows:

1. Promote social responsibility through incentives and public awareness campaigns in order to increase the number of businesses and business leaders who understand the issue and put into practice social responsibility actions.
2. Facilitate the practice of social responsibility by:
 - offering technical assistance and training to businesses and business leaders which allows them to improve the quality, reach and impact of their social responsibility activities
 - offering training to NGOs, which improves their ability to raise local funding
 - creating links between the nonprofit and business sectors so as to increase collaboration between the sectors for specific development projects
3. Disseminate the topic of social responsibility broadly among Ecuadorian society, but with special emphasis on the business community through collaboration with the media, publications and the creation of a Resource Center on Social Responsibility.⁶⁶

Towards these objectives, FEE has proposed a broad range of activities to reach out to wealthy individuals and businesses.

Program Activities

Promote Social Responsibility

- A National Award for Social Responsibility
- Introduce the Theme of Social Responsibility to Business Schools
- National Campaign of Social Responsibility

Facilitate the Practice of Social Responsibility

- Creation of Local Committees
- Technical Assistance and Training
- Technical Assistance and training for NGOs
- Opportunities to Offer Time and Talent
- Seed Capital Fund for Joint Esquel/Private Sector Projects

Disseminate the topic of social Responsibility and Serve as a Source of Information

- Publish a Book on Social Responsibility
- Media Coverage of Social Responsibility
- Bulletin on Social Responsibility
- Development of a Resource Center
- Support the Creation of a Corporate Grantmakers Association⁶⁷

A number of actions have already been taken to develop the national program. The book on Social Responsibility has been published and a national meeting of corporate foundations and corporate giving programs was held in 1998. It resulted in a joint plan of action to strengthen and increase corporate philanthropy through corporate foundations. Working groups were created to develop: 1) capacity-building programs and proposals for the reform of the legal and tax environment relating to the nonprofit sector, 2) programs to increase public awareness of the role of the nonprofit sector, and 3) opportunities for individual social responsibility.

The research and convening completed to date has increased FEE's recognition as a major actor in promoting increased social responsibility in Ecuador. The plan of action will ultimately involve the creation of partnerships between corporate and non-corporate foundations and social responsibility programs and lead to more effective grantmaking programs to address societal needs.

Example 2

A Multi-Sectoral Commission to Reform Middle School Education *Puerto Rico Community Foundation*

Over its 14-year history, the Puerto Rico Community Foundation (PRCF) has brought together the corporate, government and civil society sectors a number of times to tackle social and economic problems facing Puerto Rico. One approach used successfully has been the creation of broad-based commissions that bring together representatives of different sectors of the community to focus their skills and resources on developing new strategies for addressing specific problems.

An example is the role PRCF played in promoting the Middle School Renewal Initiative through the work of the Commission on Adolescent Education, which it created in 1992. This Commission, made up of eleven experienced educators, was charged with developing recommendations on how to meet the education needs of young people between the ages of eleven and fifteen. As described in the tenth Annual Report of PRCF:

The in-depth analysis carried out by the Commission led to the conclusion that the task is much more complex than initially supposed and it encompassed a much broader range of community sectors than originally believed.

The concept of the New Middle School requires for its successful implementation the joining of efforts by official agencies, teachers, school administrators, students, parents, neighbors, the business community and many others. It also requires looking at all components of the learning process; curriculum, organization, methodology, environment and others. From these early conclusions, the Middle School Renewal Initiative, a program endowed with its own staff and resources, emerged in 1994.⁶⁸

Starting in 1994 the program initially focussed on raising the quality of education in eight pilot schools. The program has expanded since then to fifteen schools. It has also developed a radio program for youth and runs workshops in conflict resolution and self esteem.

Example 3 *Fostering Partnerships for Sustainable Development
Foundation for the Philippine Environment*

The Foundation for the Philippine Environment (FPE) was created as a result of a partnership between the US Agency for International Development (USAID), the Philippine government, Philippine NGOs and NGOs from the United States. As the first chair of the Foundation, Fulgencio Factoran stated in the first progress report of the Foundation:

FPE was organized with the understanding that it will establish new partnerships—partnerships that stretch across all sectors of society.⁶⁹

The Foundation is guided by the principle that the most effective results are to be achieved by pooling resources and expertise with other non-governmental organizations, government agencies and academic institutions concerned with the same mission. In the words of Fr. Francis B. Lucas, the Chair of the Board:

FPE has been a key force in fostering partnerships for the environment which focus on enabling communities to be proactive and capable agents of biodiversity conservation and sustainable development. FPE has:

- brought academic and technical experts to the grassroots
- provided leadership in the discussion of sustainable development, filled critical gaps in the implementation of biodiversity conservation and sustainable development
- built linkages with and among governmental, non-governmental, private and international institutions
- stands as the only funding mechanism that provides direct and simple access to NGOs and people's organizations (POs) to enable them to engage in micro-level projects for the environment⁷⁰

This commitment to building partnerships was incorporated as one of four institutional goals in the Foundation's strategic plan. The specific goal is:

To encourage international and local cooperation between and among communities, NGOs/POs, business groups, and governments toward the development of policies and effective programs for biodiversity conservation and sustainable development.⁷¹

Two specific objectives were to support “national and regional mechanisms for GO/NGO/PO [governmental organizations/non-governmental organizations and people's organizations] partnership in biodiversity conservation and sustainable development effort” and “formal collaborative programs among NGOs, key government agencies and business organizations to influence the setting of policies related to biodiversity conservation and sustainable development.” One specific activity included in the strategic plan was to “fund or support working groups to join efforts with government agencies that would coordinate project initiatives and directions and support policy research and advocacy in biodiversity conservation and sustainable development.”⁷²

An area where this policy is being implemented is in the Foundation's efforts to bring together NGOs, communities, the corporate sector and both federal and provincial governments to develop joint programs for environmental protected area

management. One example is the progress achieved in the Mount Matutung Protected Area in South Cotabato in the southern Philippines. FPE and partner NGOs helped to create a protected area management board that has been working to mobilize the support and resources of all stakeholders. This board has put together a management plan for the protection and development of a major watershed with the participation of indigenous community leaders, people's organizations, NGOs and local and central government representatives. The board also obtained the support of a multinational corporation managing fruit plantations to commit to reforesting part of a critical watershed.

As part of their role in the partnership, the local authority agreed to fund capacity building of their staff in the area of environmental management.

FPE's efforts to build cooperation are strengthened by a grantmaking program that supports projects at the community level that directly engage community members in sustainable resource management activities.

The experience of FPE shows the challenge of bringing all stakeholders around a common issue such as protected area management when there are inherent conflicts of interest. It has been easier to get agreement and support at the level of the national Ministry of Environment and Natural Resources than it has been to obtain agreement at the local level. FPE has found that building partnerships at the local level has to be promoted and facilitated by skilled local partners supported by the Foundation.

At the national level, Board members, senior staff members and former senior staff members promote greater awareness of environmental issues across sectors through their own personal networks. For example, a Catholic Bishop on the Board has access to religious and business leaders through the Bishop Businessmen's Conference, and another Board member is one of the owners of the largest television network in the country and provides links to the mass media. The latter has been able to increase the coverage of the environment on national television networks. The former executive director of FPE is now an advisor to the President and other former staff members hold senior roles in the Ministry of Environment and Natural Resources. This facilitates the bridging role FPE can play between civil society organizations and the government.

Example 4

Exercising A Leadership Role In Partnership Building Children And Youth Foundation Of The Philippines

The Children and Youth Foundation of the Philippines (CYFP), in less than ten years, has played a leadership role at both the national level and in selected communities where it has partner NGOs.

Building Alliances at the National Level

At the national level, for example, CYFP has played a central role in the development of a new partnership initiative to tackle the problem of out-of school

youth. Because of its experience making grants to innovative programs with children and youth, CYFP was approached by the World Bank to spearhead a new multi-stakeholder initiative to develop programs for out-of-school youth (a total of 11 million children between the ages of seven and 24 are not in school and not working).

A Technical Working Committee (TWC)⁷³ comprising CYFP, World Bank, government, business and NGOs, developed a program framework. Background research, including consultations with out-of-school youth and an inventory of relevant programs in eight geographic regions, has helped the TWC identify needs and sharpen program priorities and responsibilities.

The program focuses on skills training, employment creation and support for young entrepreneurs aged 15 through 24, and initiatives to keep children (from 7-14 years) in school. Support will be channeled through NGOs. The CYFP through the Chair of the Board, who is the Chair of one of the largest corporations in the Philippines, is mobilizing support from the business community to support skills training and loans for microenterprises. The World Bank is committed to providing US\$1 million as seed money for the pilot stage of the program, to be followed by a \$5 million loan from the Learning and Innovation Fund.⁷⁴

This initiative illustrates how a foundation, such as CYFP, with a proven record in sound programming, efficient financial management and respected leadership can play a central role in designing and implementing a program to leverage resources from businesses, the government and a multilateral lending institution. It was able to play this role in large part because of its good links to the corporate sector and government through the Chair of its Board, Jaime Augusto Zobel.

Building Alliances at the Community Level

In implementing its grant program to prevent child abuse and exploitation, CYFP discovered that one major constraint was the lack of coordination between service providers and law enforcement agencies at the community level. CYFP staff realized the efforts of their partner NGOs could be more effective if all agencies worked in a concerted way towards the same goal. One approach CYFP has taken to achieve this has been to take the initiative in convening both private and governmental agencies to meet and discuss the needs of children and youth and identify ways of working more effectively together to respond to the needs of children and youth.

For example, as part of its program on the prevention of child abuse and exploitation, CYFP program specialists working in one province convened the Police Department, the Social Welfare and Development Department, the Jail Administration, the Prosecutor, NGOs (including CYFP partners) and community organizations (including religious groups) at the local authority level to design a concerted effort to prevent child abuse and respond promptly and effectively when cases of abuse arise. By facilitating this effort, the Foundation helped each organization see where it could be more effective and how, by working closely together, they could create a more supportive environment for children and youth.

This initiative resulted in the creation of a permanent coordination mechanism at the provincial level that meets on a regular basis to review progress.

This type of inter-sectoral partnership around a specific issue can be very effective in releasing new energy and ideas at the community level. It shows clearly the enormous value the Foundation can add by a judicious use of its bridging skills. The potential value of this type of technical assistance far and away exceeds the value of the CYFP's grants to organizations in the locality.

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CYFP (Chair of the Board), the parent foundations (Consuelo Zobel Alger Foundation and the IYF), the government (the Vice President) and the World Bank.

⁷⁴ Discussion with Fely Rixhon, Executive Director, CYFP, February 1999.



Mobilizing Resources and Support

Fundraising is a priority for many foundations in Africa, Asia and Latin America. Even foundations that do not need to fundraise—company foundations and family trusts, for example—are often interested in promoting philanthropy and other sources of support for the causes and communities with which they work. They see that, however much support they can bring to bear, they cannot effect the fundamental social change they seek without a large and committed investment from many sectors of society. Many work, thus, not only to raise funding to cover their own annual budgets but also to establish and strengthen national philanthropy.

Fundraising objectives are driven by mission and the capacity to manage resources. In general, the foundations in this chapter have sought to mobilize funding for:

- **Programs:** The cost of running programs show up in financial reports as grants and other program expenses. Some foundations include a “grant management fee” to recoup some expenses in managing their grantmaking
- **Operating expenses:** Like other organizations, the foundation must be able to cover its core costs from year to year
- **Endowment or other income generating projects:** Foundations are often well-placed to steward and grow investments that will pay off in a continued stream of financing
- **Other support to partners:** Some foundations seek to increase the support for and impact of their partners—such as non-governmental organizations (NGOs) and community-based organizations (CBOs)— by strengthening philanthropic traditions and linking them to corporations, government agencies and individuals. This support is not reflected in the foundation’s budget or income

How Are Resources Mobilized?

The resources that can be mobilized depend on what opportunities are available, the foundation’s track record and the capacity of its staff, board and friends to raise funding. In the early stages, many foundations are built on the volunteer fundraising efforts of their founders and boards. Volunteers may take on these responsibilities without a single paid staff member to coordinate the efforts. At this stage, a staff member might not even add much value as so much is dependent on the knowledge, links and experience of a committed core. As the foundation grows, however, it may begin to feel the need for a development staff that can support fundraising efforts by coordinating the activities and follow-up of those involved and maintaining good communication with a potential donor.

What stands out from the experience of these foundations is that successful efforts are often aimed at involving potential donors and contributors in a long-term relationship. Such involvement can go beyond emergency or immediate needs—although, many respond to these as well—to focus on building a bridge for understanding and support between different sectors of society. The foundation functions as a catalyst fostering action and relationships in which it need not always be the central actor.

In addition to forging strong, sustainable links, the foundation is well placed to encourage a culture of accountability. In fact, its fundraising efforts will be severely hampered if either it or its partners are perceived as not being fully accountable. This important connection is one of the reasons that so many of the foundations in the following chapter stress accountability. Working hand-in-hand with accountability, many also promote transparency—functioning in a way that is fully visible and accessible to one's partners and the public.

A number of elements of successful resource mobilization efforts have come up repeatedly throughout this chapter and bear repeating in a summary form.

- A clear mission and objectives that can be shared with potential contributors
- Access to professional fundraising skills
- A good track record and excellent programs
- National recognition and credibility
- Some resources upon which new resources might be leveraged

[From Where Can Resources Be Mobilized?](#)

Money, time and other resources can be released from both likely and unlikely places. A logical first place to start is with a natural constituency—those who are closest to and most likely to understand and share the foundation's mission. At one point, a foundation may seek to broaden its reach into other constituencies through partner organizations and individuals. However, this is time consuming and often does not yield instant results. Knowing where efforts will potentially pay off in increased support assists in choosing and adopting a strategy that will maximize the resource mobilization efforts.

The foundations in this book have reached out to the following types of potential donors:

- **Individuals:** Friends of the founders, professionals, wealthy individuals, those who are to be assisted by the foundation and the public at large.
- **Businesses:** Primarily local and multinational companies working in the areas to be assisted

- International foundations: Foundations that extend their support to organizations in other countries
- Foreign aid agencies: Such agencies typically provide support to Southern governments, but increasingly provide support to non-governmental organizations working in the strategic areas they hope to assist

This is by no means an exhaustive list and it should be noted that foundations have also raised funding from international non-governmental organizations, United Nations agencies, religious organizations, contracts with their own government and other sources.

The involvement of these donors with a grantmaking foundation, rather than with, say, a community poultry project rises from the advantages a financial intermediary can offer. If it does not already have one in mind, a potential donor may turn to the foundation to assist it in finding a good project. The donor may want to support a number of projects in a particular area, or to challenge other donors to match its gift. The donor might be concerned about the rising and falling fortunes of funding in a particular area and want to support a sustainable income source for it over the long run. Or the donor may simply be concerned that its donation is used in accountable manner and will turn to the foundation to monitor and evaluate the progress of the groups it supports. These are all advantages that foundations may be uniquely positioned to play:

- Capacity to bridge between donors and the groups and individuals who need them the most
- Ability to leverage additional resources from a contribution
- Understanding of and roots in the local context
- Strong accountability for the funds and programs they manage
- Long-term sustainable approach through endowment or other form of income.

Beyond financial and material resources, many foundations also strengthen the involvement and understanding of other sectors of society in the needs and initiatives of the communities with which they work. This involvement and understanding is an end in itself that can yield significant results. For example, the Abrinq Foundation for the Rights of the Child involves companies through its Child Friendly Company Program, which not only encourages companies to assist in improving the quality of life for children in the communities in which they operate but also ensures that companies comply with Brazil's poorly enforced child labor laws.

Many foundations believe that a crucial issue is mobilizing resources owned by their target communities themselves: labor, land, materials, ideas, and knowledge of tradition and successful practices.

This chapter is divided into seven sections.

Section 1

Formulating Strategies to Mobilize Resources

Section 2

Raising Support to Strengthen Local Action and Philanthropy

Section 3

Building Endowments

Section 4

Raising Resources from International Foundations

Section 5

Creating a Financial Bridge to the Private Sector

Section 6

Working with Official Development Assistance Agencies

Section 7

Generating Earned Income

Section 1 **Formulating Strategies to Mobilize Resources**

How Are Strategies to Mobilize Resources Developed?

The foundations in this chapter share a common objective to mobilize resources in support of communities and organizations within their societies. Beyond a fundraising activity, they conceive of resource mobilization as one of the fundamental roles they play. The choice between different strategies is quite often the result of experimentation and consultation on the part of a committed individual or group.

Strategies are often relatively straight forward and flexible enough to allow for evolution and new approaches over time. They are often shared quite openly and explicitly. The agreement and involvement of various constituents of the foundation—board, staff, partners and donors—is often a component of successful strategies.

Example 1 Raising Support to Strengthen Local Action and Philanthropy
Foundation for Community Development (Mozambique)

Example 2 Creating New Assets for NGOs Through a Market Approach
Foundation for Higher Education (Colombia)

Example 3 Building a Bridge Between Businesses and Environmental Groups
Dana Mitra Lingkungan (Indonesia)

What Should be Assessed?

Having a clear notion of where to focus effort depends on an assessment of the operating environment. To a large extent, the cases described here have started by asking many of the same questions:

- What resources are needed?
- What resources are already committed to the foundation? How much money and time can the foundation invest in mobilizing resources?
- What are the local philanthropic traditions (individuals and businesses)?
- What are the trends in international assistance (official development assistance, private foundations and NGOs)?
- In many countries, fundraising is a relatively new activity. Where can the foundation find fundraising skills and experience?
- How will the larger environment—for example, laws and regulations affecting the nonprofit sector—affect its efforts?

What are the Strengths of the Foundation?

The foundations discussed below have attempted to formulate strategies that will build upon their comparative advantages. These foundations carved out niches for themselves that take advantage of their unique missions and their relationships with individuals and organizations. Some advantages of foundations emerging from the cases are:

- Strong relationships with local communities and organizations
- Capacity to relate to business and government
- A focus on mobilizing resources more broadly than for themselves
- Access to an endowment or some other form of secure financing
- Cogent missions and objectives that can be widely shared
- Accounting systems to ensure that resources get to where they are intended

What are Some Resource Mobilization Strategies?

The strategies presented in this chapter have been effective in the particular context in which they arose. The list is by no means comprehensive.

- **Develop contributions and involvement of businesses** as a way for them to improve their image and be a part of the solution to environmental problems (Dana Mitra Lingkungan—DML)
- **Use the foundation's skill and experience in financial management** to create a profit-making credit institution (Foundation for Higher Education—FES)
- **Partner with international donors** to raise support for strengthening civil society and building local philanthropic traditions (Foundation for Community Development—FDC)
- **Build an endowment** from corporate and individual contributions (all three organizations), a debt for development swap (FDC) and/or earned income (FES).

Summary Points

It takes resources to raise resources. It is easy to underestimate the time, resources and skills involved not only in fundraising but in maintaining good communications and relations with donors. The FDC, for example, learned that it needed good strategies to reduce this cost and increase its communications capacity.

Having a diversified resource base can help prevent problems caused by the loss of any single source. The saying warns not to put all eggs in one basket. Likewise, a single source of funding may produce significant income for a time but its loss could cripple the foundation. The DML began to shift more of its efforts into endowment building and raising funds from overseas development agencies, when its primary source of funding, corporate philanthropy, was endangered.

How resources are mobilized is linked to the success of the foundation's programs in more ways than the money raised. The resources a foundation raises represent a growing commitment on the part of society to take action. Thus, having a track record, strong partners and a good communications program has been essential for the foundations in this chapter. In the case of FES, the financial services it offered to NGOs both increased its capacity to earn income and assisted its partners to manage and grow their own resources.

Foundations raise resources for three functional purposes: program, operations and endowment. Foundations raise funds to use toward the social impact they plan to make. As grantmakers, they intend and promise to get this funding to a target community or to solve a problem. They must cover their expenses and invest in raising new resources if they are to effectively play this role. Over the long-term an endowment will ensure the sustainability of their efforts.

Example 1

Raising Support to Strengthen Local Action and Philanthropy *Foundation for Community Development (Mozambique)*

Formulating a Strategy

Mozambique, in the beginning of the 1990s, was the poorest country in the world. It had been devastated by war. Because its internal infrastructure had been so damaged a large part of the relief work was carried out under the aegis of international non-governmental organizations like Save the Children. The country also had a socialist government that was considering a move towards more market-based approaches.

The Foundation for Community Development (FDC) wanted to facilitate self-reliant development in the country. FDC was particularly concerned to rebuild the capacity of civil society, which it felt was a critical step towards social and economic progress. Because Mozambique was so poor, FDC knew it would need to be able to raise financial resources from outside the country. Nevertheless, as its primary objective was to rebuild local capacity, including a sustainable philanthropy, the founders felt that it was also crucial to raise funds locally from the beginning.

The founders of the FDC decided to raise funding from foreign donors to strengthen local capacity for development and to foster the growth of local philanthropy. The Foundation pursued this strategy by raising its first program and operating funds from US foundations, and starting an endowment with contributions from Mozambicans and participation in a debt swap. This excerpt from a 1993 proposal to the John D. and Catherine T. MacArthur Foundation discusses how FDC planned to stimulate the growth of local philanthropy:

Even more important, in terms of the foundation being Mozambican, although not in terms of total amount, will be attracting contributions from the Mozambican people and businesses. Even though Mozambique is now the poorest country in the world, there are groups and individuals with capital, and everyone knows that the improvement of the Mozambican economy depends on the country's ability to solve its enormous poverty problem. The Minister of Finance has proposed a tax exemption for contributions to the foundation, which should provide even greater incentives. Nevertheless, there will be a considerable amount of work to approach and convince all the relevant groups to participate.¹

Pursuing the Strategy

FDC's efforts to reach out to local businesses paid off over two years with over US\$100,000 in endowment contributions. These contributions were an important leverage for its participation in a debt swap that raised about US\$3 million. Beyond one-time endowment contributions, FDC received over US\$500,000 for its grantmaking program from three local businesses.

By 1998, FDC had raised funding from roughly 15 foundations and international NGOs. In addition, it raised funds and worked together with United Nations agencies, the World Bank and five major bilateral agencies. It realized as it began to manage funding from a diverse number of sources that it needed to devote more energy to its fundraising program. Communicating and responding to its donors in a timely and accountable manner, required a proficient staff and good systems. Carlos Fumo, FDC's executive director, notes:

Fundraising is a part of our annual program. We attempt to factor in time and resources spent in fundraising. Ad hoc fundraising—strengthening and building relationships through travel and participation in local and international conferences—is hard to plan for but is an important supplement to our program. We believe many things should happen before we start negotiating with a potential funder. We need a strong communications capacity. We must market ourselves and be clear about our products, markets and marketing strategy.²

Evaluating the Strategy

In 1996, FDC began evaluating its fundraising efforts. By this point it had some experience in fundraising and saw it both from the perspective of a donor (in its grantmaking program) and a beneficiary (as a recipient of funds from other donors). It saw that how funds were raised had an impact on the outcome of the development processes it was working to put in place. Fumo explains:

Development-oriented organizations based in civil society are a relatively new phenomenon in Mozambique, few have much experience with the art of fundraising. Often the culture is to beg for money, not to negotiate as equal partners. By begging you do not make a positive case, you

focus on a problem and then wait for the benevolence of the donor. The first step is to see that you have something valuable to offer. A donor, in essence, is buying something from you. What you offer needs to meet your own ends and attract sufficient funding. At FDC, we are beginning to think in this way. We have moved closer to negotiating with donors who want us to deliver high-quality services—for example, as effective grantmakers, conveners of civil society and advocates for social and economic development. That is how we seek to present ourselves.³

FDC staff found that it can be a difficult task to manage an effective fundraising effort with a group of often distant international funders. To consolidate efforts and become more responsive to its donor's needs, FDC began to ask how it could raise fewer but larger grants aimed at its grantmaking agenda—identifying and supporting proposals towards effecting the social or economic changes that are its objectives—and not at single project grants (for example, an isolated grant that may not fit within its broader agenda). Fumo explains:

Central to our new strategy is to partner with donors around our grantmaking agenda rather than to raise smaller project-by-project grants. Our advantage is that we are a Mozambican foundation that will support organizations in this country for the long run. Our success can leverage additional resources (both at the community and other levels).⁴

Example 2 *Creating Financing for Civil Society Through a Market Approach*
Foundation For Higher Education (Colombia)

Formulating a Strategy

The Foundation for Higher Education (FES) was originally set up as a way of generating support for the University del Valle in Cali, Colombia, but by the mid-1970s it had begun to support education, health and social development processes more broadly. Given its roots in higher education, it had good access to knowledge and specialized expertise. It had also built a track record in the management of financial resources.

With the active participation of bankers and business people on the board and a staff with strong financial management skills, FES began to think through a new profit-based strategy in the early 1970s. It wanted to become more self supporting. Many of the trustees were enthusiastic about adopting entrepreneurial approaches in the service of economic and social development. This discussion sprang from an MBA program at University del Valle based on the organizational management philosophy of Professor Peter F. Drucker. Several of the trustees had embraced an idea from the course that entrepreneurial success and social responsibility can work hand in hand.

Board members felt that FES' assets—grant funding it was managing and investing—could leverage additional funds. FES had been investing (with the approval of its donors, primarily US foundations) grant money that did not need to be immediately disbursed in secure loans at prevailing market rates. It split returns on the basis of 75% for the recipient and 25% for FES, with which it had built a small fund. Building on this experience, FES decided to launch a financial company that would manage and grow civil society financing.

Pursuing the Strategy

FES sought and, in 1975, was authorized by Colombia's Superintendent of Banks to operate as a "commercial financing company," giving it the right to seek monetary resources in the capital market and make loans. Deposits and loans in these operations were linked to capital accumulation and, as such, they increased FES's earning capacity. FES's professional financial expertise began to evolve rapidly. It soon established a Financial Committee and a new Finance Division (which later became the Vice Presidency for Finance).

FES received deposits, primarily, from other NGOs. This was a role that facilitated interaction with them and later led to the creation of an important network of NGOs under its leadership. FES maintained its grantmaking programs but the addition of its financial services allowed it to generate funding from grantmaking and strengthen partner NGOs from several approaches.

In the late 1970s, the staff and Board debated whether they should reinvest endowment income so they would have the financial capacity to fund more programs later on, or whether they should scale up their grantmaking with the increased income. They resolved this issue by creating with their partner NGOs permanent endowment funds that FES would manage. The strategy was to constitute endowment funds with resources donated for a specific objective which FES would match with a 50% contribution, guaranteeing revenues equivalent to the market rate for fixed term deposits plus one percent. These endowment funds would be managed and owned by FES on behalf of an NGO that would receive an annual income from the profits. In this way FES would be able to both increase its endowment funds and its support for partner NGOs at the same time.

Evaluating the Strategy

From 1982 to 1987, Colombia's commercial banking sector underwent a period of crisis, during which several banks were placed under central government control. This crisis reinforced the public's trust in institutions such as FES that had remained untainted—thus deposits continued to grow. The value of permanent endowment funds grew from US \$2 million in 1980 to US\$ 11 million in 1990 and its financial deposits grew from US\$ 27million in 1980 to US\$ 88.2 million in 1990.⁵

The creation of permanent matching funds during this period sparked the rapid growth of FES' endowment and increased financial capacity. NGOs embraced the concept of what amounted to an institutional endowment managed by FES that returned yearly unrestricted income for their programs. By 1995, FES managed over US\$20 million dollars in over 389 permanent endowment funds, representing 53% of its total net capital endowment

FES is now the center of a group of companies that provide financial services. Its head office is the largest commercial financing company in Colombia. The Foundation carries out all kinds of operations as a credit establishment: it receives public savings through Fixed Term Deposits and savings accounts, negotiates securities, issues bank acceptances and bonds and has its own credit card in association with Visa.

The success of FES' strategy can be traced to an entrepreneurial CEO and staff that was able to take advantage of business opportunities when they arose and to a conducive legal environment in which it could register as a financing company. As a financial services company, FES has proven to be successful and profitable. As an NGO, it has also developed strong credibility, however, FES staff see that these two sides are a potential source of tension. To ensure that it maintains a good balance between profit and nonprofit goals, FES continues to emphasize leadership, dialogue and consensus and self-examination processes, especially those inspired by theorist Drucker.

In 1999, the government of Colombia began to threaten to nationalize FES' financial deposits. The move came very unexpectedly and the situation has not been resolved as of the time that this case was written.

Example 3

Building a Bridge Between Businesses and Environmental Groups

Dana Mitra Lingkungan (Indonesia)

Formulating a Strategy

Dana Mitra Lingkungan (DML meaning “Friends of the Environment Fund”) was established in 1983 as a mediator between business and NGO communities in Indonesia. DML fulfills this role by providing grants to environment-related activities of NGOs on the basis of funds accumulated through the contributions of the business community.⁶

By 1983, an increasing awareness of environmental problems in the country and the perception that business was at the heart of these problems had polarized relations between environmental organizations and the business sector. At the time, some Indonesian businesses were receptive to improving their public image by using some of their profits to fund environmental conservation. They wanted to be seen as part of the solution and believed that DML would bridge the gap between business and environmental organizations.

DML's founding members and first Board were primarily highly respected businessmen with good access to their peers within other companies. Because of this and the need they saw to build a bridge between business and environmental groups, they adopted a strategy of mobilizing funds from business for the purpose of helping to conserve the environment. DML channels these funds to assist NGOs and activities related to environmental conservation, including research by universities. The organization is unique in the Indonesian context as a local foundation that raises funds domestically. Through regular contributions, businesses became members. DML somewhat later received the agreement of its members to set up an endowment—its second strategy for building a resource base.

Pursuing the Strategy

Strong support came from PT Aqua Golden Mississippi, a water bottling company founded in 1973. Because it wanted its product to be identified with a clean environment, Aqua saw clear benefits from establishing a relationship with DML and by 1997 had contributed over 1.5 billion Indonesian Rupees (worth nearly

US\$650,000 at 1997 exchange rates). Aqua's public commitment to DML is stated on their website:

In addition, we have formed close ties with Yayasan Dana Mitra Lingkungan (Friends of the Environment Fund) to select and distribute the excess funds generated from the PEDULI AQUA program for environmental preservation and care. As at March 31, 1997, the cumulative donation has reached 1,550,000,000 rupiahs.⁷

Over 300 corporations and individuals became members of DML by paying annual subscription dues thus obtaining the title "Friend of the Environment." DML solicits three types of support from corporations:

- Endowment contributions
- Dues and
- Donations for program-related activities

DML maintains an Executive Board that, among other functions, assists staff to develop its membership. In 1996, four out of 18 Executive Board members were responsible for membership accreditation.

DML built an endowment from member subscriptions and the contributions of member companies. The founders endowed DML with a little less than 2 million rupiahs (about US\$1800 in 1985). By 1997, this fund had grown to more than 2.1 billion rupiahs (about US\$900,000). The addition of an endowment building effort added a new way in which corporations could give to environmental causes through DML; the foundation continued to also raise corporate contributions for its programs and operating costs.

Evaluating the Strategy

DML had proven that it had the capacity to act as a bridge between corporate funding and the environment by the late 1990s. It was, however, not fully prepared for the tumultuous events that were to follow. The Asian economic crisis in 1997 rocked the Indonesian economy and translated into significantly reduced business contributions to DML.

Luckily, before the crisis DML had begun to raise endowment funds and consider new ways to supplement its business-centered strategy. DML's Executive Director at that time had felt that contribution levels were not reflective of the business sector's growth in wealth and influence and he thus began to look for additional sources of funding. He believed that business executives had tended to become more pragmatic about how they approach philanthropy, even though they had more money to contribute in the (pre-economic crisis) mid-1990s than they did in the mid-1980s.

While its endowment was able to sustain it at reduced levels after the crash, DML began to approach international donor organizations, an option it had previously been exploring. As of 1998, DML was negotiating assistance from the United States-Asia Environment Partnership; the United Nations Industrial Development Organization, and the Toyota Foundation.

The Board also felt that DML was not raising the level of contributions that it could from the corporate sector. To improve DML's approach to the business sectors, the the Board hired a new executive director with extensive experience in business and public relations.

Section 2 **Building Endowments**

This section looks at the cases of several foundations that have built endowments by taking advantages of opportunities within their national contexts.

- | | |
|-----------|---|
| Example 1 | Local Philanthropy and Debt-for-Development
<i>Foundation For Community Development (Mozambique)</i> |
| Example 2 | The Capital Campaign
<i>Puerto Rico Community Foundation</i> |
| Example 3 | Debt-for-Nature
<i>Foundation For The Philippine Environment</i> |

What is an Endowment?

Endowments are permanent assets (money, securities, property) that are invested to earn income. Trust funds, memorial trusts, patrimony and capital or asset base are other terms used to refer to endowment funds. Depending on the cultural and legal context, one or more of these terms may be in common use.

An endowment may be created by the contribution of a single donor or the collective contributions of any number of donors.

Some common types of funds that may describe all or part of an endowment are:

- **Unrestricted funds** — Interest earned or capital from these funds may be used at the discretion of the board of the foundation towards its charitable mission.
- **Restricted funds** — These funds must be used for a particular purpose or beneficiary at the discretion of the foundation; examples include the “family funds” of the Puerto Rico Community Foundation (PRCF). Some of the various terms used for restricted funds are:
 1. Donor advised or designated - The original contributor to the restricted fund has given some degree of guidance as to how the proceeds of the fund are to be spent.
 2. Field of interest - The fund focuses on some aspect of the foundation’s mission.

Occasionally, a donor will create a fund that is designed not to be permanent or an organization will decide that it will spend out its endowment over a specified amount of time. As endowments are very difficult to raise and the funds are difficult to replace, this practice is rare.

How Are Endowments Raised?

Some grantmaking foundations have been established by endowment contributions from a single corporation, government agency, official development assistance agency, individual, family or other foundation. The objective of this contribution is often to establish a sustainable source of funding for a particular cause or community. The foundation, because it does not come into existence until later, plays no role in raising these initial endowment funds. Its role is to invest the funds wisely and, in some cases, to raise additional funding.

The endowment of the Foundation for the Philippine Environment (FPE) rose from a contribution and debt-for-environment swap agreement with the US Agency for International Development (USAID).

Foundations may be created by individuals or organizations with the mission of building an endowment by fundraising from multiple sources. The mission of building an endowment goes side-by-side with the foundation's efforts to mobilize resources for the work of other organizations.

The Foundation for Community Development (FDC) of Mozambique raised an endowment from local business and individual contributions that partly enabled it to receive funding from a debt-for development swap.

A common way to raise an endowment is to solicit contributions from members of the community that the foundation intends to serve. The Foundation can be a vehicle for social change over the long term and a mechanism for disbursing, monitoring and evaluating contributions. Community foundations, like the PRCF discussed in this chapter, (a type of foundation that serves the interests of a defined community and manages donor designated funds) take this approach and have had considerable success in the United States and Canada.

The PRCF endowment began with a challenge grant from a group of American foundations (led to a large extent by the Ford Foundation) and the contributions of several corporations.

How is the Case for an Endowment Made?

Many nonprofit organizations are attracted to the idea of endowments because they offer financial sustainability and increased autonomy. Endowment contributions, however, must compete with other immediate needs. In raising contributions, the foundation must make the case for why a permanent source of income is necessary for it to have an impact against the issues it seeks to address. The ownership of an endowment gives an organization a degree of independence from funding trends that are outside of its control and increases its capacity to plan over a longer term because it can be assured of being able to fund its initiatives.

Critics of endowments point to two significant issues in endowing organizations. First, an endowment can shield an organization from competitive forces and reduce the pressure on it to be responsive to its constituents. Second, insofar as a foundation exists to eliminate a particular problem, why should resources be set aside indefinitely?

Foundations, by their nature, are usually created precisely to mobilize resources on behalf of the larger community they serve. Their stewardship over endowment funds is much more than a funding strategy; it is the creation of this resource that makes them an effective leverage to develop new sources of funding and work with a variety of types of organizations within their constituency to address financing issues for a whole sector. In this way, neither of the two major criticisms of endowment funds apply to foundations. The endowment becomes an effective financial asset base that can invest in increasing the fundraising and financial management capacities of organizations within civil society. The foundation serves to promote innovation, pride, healthy competition and collaboration within the community it serves. Even as this community becomes stronger it will continue to benefit from having an institution that plays this role.

Some common arguments for endowments are:

- **Sustainability** - Foundations seek to effect fundamental positive change in their communities and to serve the changing needs as their communities grow. Both of these objectives require the foundation to plan and act over the long term.
- **Local ownership of resources** - An endowment can be a means of holding and stewarding a collective resource for a group or community. Having ownership over this resource can enable the group or community to set its own priorities.
- **Leveraging** - Acting as an investor in social, economic or environmental solutions, the foundation is well-positioned to attract additional funds and have a greater impact.

The case for the endowment is often written as part of an effort to raise contributions as a case statement, which can then be adapted and used in marketing materials, letters, meetings and presentations.

Summary Points

Investing time and energy in consultation can build support for an endowment fundraising effort. People are more likely to give to something in which they have a vested interest. The FDC and the PRCF both planned to create local philanthropy over the long term and viewed consultation as a crucial element in launching their efforts. Consultation also may require significant compromise. In the case of the FPE, Philippine nonprofit leaders pressed for greater ownership and representation on the part of local civil society.

Raising financial support for the fundraising effort itself can be a crucial element of its eventual success. In all three cases, financial support enabled founders to pursue a strategic effort to raise an endowment. It was also an important leverage for additional funding. The PRCF and the FDC received this support from other foundations. The FPE effort was funded as part of a government assistance program.

Building a track record as a grantmaker will raise understanding and credibility for the effort. In Mozambique and Puerto Rico, where there were no other grantmaking foundations or very few, the FDC and the PRCF are pioneers in the field. They have succeeded in raising endowment contributions but believe that they must show what they can do and that they can be successful in order to convince many new donors to contribute. Both foundations have focused on raising program funding that will help them to make this impact.

A good plan and strategy on how the endowment will be invested can convince potential donors to contribute. Investment advice and expertise can be very expensive. All three foundations have sought out board members who bring this expertise to the foundation. These board members have helped to craft an investment strategy. In the case of the FPE, that strategy includes having a staff investment manager in charge of investing a portion of the endowment and who must compete with external companies that invest other portions of the endowment.

Some foundations develop restricted funds as a service to donors who are concerned about a particular cause. The community foundation approach of offering services to donors by setting up restricted funds that can be employed for causes and purposes they care about is beginning to be tried in many countries. The PRCF has started to raise these restricted funds. Its Family Fund program sets up trust funds in the name of a family or individual that support particular fields of interest.

One or two significant contributions to the endowment fund demonstrate the feasibility of the effort and can leverage more funding. The commitment of resources, both contributions and the energy and time of the founders, demonstrate the likelihood of successfully establishing an endowment. In the case of PRCF, having the support of a well-known US foundation and a pharmaceutical company encouraged other foundations and companies to become a part of such a successful effort.

Example 1

Local Philanthropy and Debt-for-Development
Foundation for Community Development (Mozambique)

In 1989, a core group of concerned Mozambicans began looking for ways they could support the growth of civil society organizations in their country. After positive consultations with potential funders and beneficiaries, they started the Community Development Association in 1992 to facilitate the establishment of a foundation. The Association was charged with identifying an appropriate structure and funding. Mozambican law requires that an organization registering as a foundation possess an endowment. In order to meet this requirement, raised contributed their own money and raised additional funds from people within their network.⁸

The founders included the former first lady of Mozambique, Mrs. Graça Machel, a former Minister of Finance, and experienced leaders from the nonprofit sector, the national university and the church. They launched a fundraising campaign to seek money from individuals and corporations in Mozambique and, eventually, leveraged income from a national debt swap. Two early allies in the United States were the Synergos Institute, which gave technical assistance, and the John D. and Catherine T. MacArthur Foundation, which provided funding for institutional development. By 1994, the funding groundwork had been firmly laid and the Association officially launched the Foundation for Community Development (FDC).

Strategy

The founders of the FDC spent four years laying the groundwork and investigating strategies for raising their endowment. They approached the MacArthur Foundation in 1990 to support their efforts in creating an open process of consultation and dialogue about the need for and role of an endowed foundation in Mozambique. The MacArthur Foundation became a significant supporter of the process, providing funding for consultation activities at first and, later, core funding to the effort.

FDC believed that emergency funds (from international relief organizations and bilateral agencies), although an important source of funding in the short run, would begin to dry up as peace was consolidated in the country. The founders felt there was an urgent need to begin building a funding source that would be locally owned and could gradually replace foreign sources as they disappear. It proposed a target of US\$50 million.

Their strategy pivoted on reaching out to three potential sources of funding:

- Convincing Mozambican businesses and individuals to invest in the endowment
- Participating in a debt-for-development swap
- Raising support from foreign foundations and official assistance agencies

Convincing Mozambican Businesses and Individuals to Invest in the Endowment

In 1996, Mrs. Machel, in a paper delivered at the Philanthropy and Domestic Fundraising Workshop in Zimbabwe, emphasized the key role of “dialogue and planning” in raising the endowment. Through this dialogue, the founders learned that emerging business leaders in Mozambique were interested in finding ways they could also be involved in the social and economic development of communities.

The Community Development Association [as FDC was then known] started by enlisting members of Mozambican society to pull together independent resources and assistance from within Mozambique. We looked across sectors and asked who were the potential partners in our enterprise who could share the dream to bring about a sustainable source of support for the initiative of Mozambican communities.

We found that these partners were actors in our society who could not solidify their social commitment through their regular activities. Contributing to the endowment of the foundation gave them a way to share in social development. Individuals who were looking for ways to be involved in national development were very interested in helping to build such an endowment.

National businesses, especially in the banking and insurance systems, were others who could see the benefit of a sustainable national fund for community development. Because it didn't fit their bottom line—to make a profit—they needed a partner in civil society to make such a fund a reality. The connections had to be built carefully and it was crucial to clarify the involvement and participation of all potential contributors. In the end, through significant dialogue and planning, we were able to put together these partnerships and we collected the equivalent of approximately US\$ 300,000 from Mozambican hands.⁹

One way in which the founders consulted on the idea of establishing a national community foundation was through a two-day seminar in 1990. They invited two representatives from each of Mozambique's ten provinces, five ambassadors from foreign donor countries, eleven representatives of bilateral and multilateral assistance agencies and thirty-five recognized leaders from the private sector, the government, churches and non-governmental organizations. Machel set the stage for the discussion:

We have informed you of the origins of the initiative to set up the Foundation for Community Development, and we have provided some ideas to situate its position in the whole range of society's initiatives in favor of development.

We are a group of individuals who feel the need to participate actively so that the ideals that many of us share may become a reality.

We want to mobilize determination and resources in an effort of national solidarity which could fill a vacant space, and with results that could also be very sizable, though we want to move from small things toward larger ones in a secure manner.

Therefore we ask that your participation in the discussion transforms your resolve and your experience into our common knowledge.

We ask that you share your convictions and fears openly, always bearing in mind the situation in which the poorest communities live as they are in the end the reason for holding this seminar.¹⁰

The founders felt the meeting accomplished two major goals. It:

- Opened access to a wider pool of expertise and resources
- Personally involved and earned increased support from both potential donors and national civil society leaders

The founders felt they were increasingly able to demonstrate the local need and demand for an endowed foundation. Several of the founders set out on intensive fundraising visits to the north, center and south of the country. They asked business and social leaders they knew to make a contribution to the Foundation's endowment. They had learned that businesses were not capable or prepared to commit to on-going contributions because they were unsure of their own position within the country's rapidly changing economic environment. Antonio Carvalho Neves, a founding member who was part of this funding drive noted said "We believed that fundraising would not be a problem if we could show a coherent plan for the organization that people would see as good."¹¹

Through this fundraising effort, the Foundation was able to raise the equivalent of about US\$ 300,000 in less than a year-and-a-half of fundraising visits. Of the over thirty contributors, the majority were mid-size businesses, some of which predated Mozambican independence in 1980. The founders focused on making the pitch for endowment contributions through personal contact and discussion. They did not invest in the development of materials and presentations, most likely because they already had direct access to potential contributors and their decision to make a contribution at that time was most influenced by the trust built through personal contact.

Participating in a Debt-for-Development Swap

The government and a coalition of European banks had been looking for a way to reduce Mozambique's debt burden for some years. Creditors had agreed in principle to write off debt, but required the government in return to make local currency available for social and economic development. From their earliest discussions, in the late 1980s, the founders saw the possibility of raising endowment income as a recipient of income from the swap. A good opportunity finally arose when the founders had raised local funding and thus demonstrated local ownership and commitment to the idea.

The founders had access to government ministries because they included several people who had been high-level government officials. The Finance Ministry was responsible for the swap. Building on its connections, FDC founders met with the Finance Minister, who was convinced that the FDC endowment would be a good recipient of funds because it would return a clear, long-term benefit to Mozambican society. He played an integral role in advising them and supporting their participation. This support was key, since the negotiation and mechanics of the debt swap were largely out of the hands of the FDC.

One condition of being accepted as a recipient of funding was that the founders did not pressure the government nor push for a deadline of payments. Such action could have impacted on the swap itself. The Ministry also retained the right to

determine how the payments would be made and had the option of paying in currency or other assets. Because the national currency was still not stable and it was at the time difficult to put a value on real estate and other non-cash assets, this meant that the final value of the swap was difficult to estimate.

The role of the founders was to demonstrate that the foundation was a credible and viable approach to social and economic development. Antonio Carvalho Neves and Graça Machel undertook visits to foreign creditor agencies in Europe and were successful in convincing them to agree to the foundation's participation in the swap. As Carvalho Neves explains, "We came in between foreign donors' allocations and the government of Mozambique and said: 'Why not give it to us?' We had the historical chance and the connections, all parts of the bridge."¹² The Foundation had to make the case for the endowment directly to the creditor countries that were involved—Norway, Sweden, Finland, Denmark and Holland — but the swap itself was handled directly by the governments involved.

Machel describes the unfolding of the negotiation and emphasizes the importance of timing:

Despite the difficulties, we felt that we had to launch our endowment with local funds, from local citizens and to enlist the support of the Mozambican government. This alone gave us the strength and confidence to negotiate with the government about what role it could play. At the time, we discovered that Mozambique was negotiating the terms of its debt with several big banks in Europe. Because of the care we had taken in building collaboration and partnership with the government, we learned that both the government and the European bankers were looking for a social enterprise, like our own, in which Mozambique could contribute as part of a debt buy-back. Our timing was right and the fact that we had already mobilized significant local support made us an attractive recipient of these social funds. The government was able to conclude its negotiations and the endowment we were raising received a multimillion dollar contribution from public funds. Thus, through our broad partnerships in society and with the government we raised the initial endowment we needed....¹³

All disbursements to the Foundation were made between 1992 and 1996. In addition to cash, the Foundation received some of the payments as real estate, some of historical or touristic value. By 1997, The Foundation endowment from the debt buy-back was worth about US\$3 million.

The founders made the case for the Foundation as a recipient of funds by:

- Ensuring the support of the Finance Ministry that would negotiate and agree to the deal
- Fostering the support and understanding of local social and economic leaders of the need for and the potential role of the foundation
- Meeting in Europe with some of the agencies involved to build their understanding of the foundation

Raising Support from Foreign Foundations and Official Development Assistance Agencies

Initially, the founders believed they could interest official development assistance (ODA) agencies in matching local resources and commitment to fund the endowment. Founders met with the foreign agencies and foundations to discuss this but discovered that the strategy was not likely to succeed. The majority of donors were willing to consider support for the Foundation's program or project proposals but few had an internal policy that would allow them to support endowments. Beyond the policy question, even those organizations that could support endowments would not consider such support for the Foundation because, as a start-up organization, it lacked a track record. A final issue was that the Foundation did not yet have the capacity to respond to the needs of these agencies, in terms of proposals, background materials and other communications or tools of accountability.

By 1992, the founders reevaluated this strategy and decided to table their endowment fundraising effort with foreign agencies until they had built an organization with a track record. Instead they approached foundations and ODA agencies for program support—to help build the track record they lacked—and institutional development assistance that would strengthen their ability to raise and manage an endowment.

For example, they asked the US Agency for International Development (USAID) to fund an assessment of the feasibility of establishing an endowment in Mozambique to provide a flow of funds for the organization's continuing operations.¹⁴ USAID agreed and hired an American consulting firm to conduct the study. The study:

- Concluded that endowing an organization was a feasible approach in mozambique (a question that many potential funders were asking)
- Produced fourteen recommendations for FDC's structure, staffing, program, and resources development

These recommendations included the following:

- It is feasible for [the Foundation] to establish an endowment to provide sustainable funding to meet its core operating needs. The [Government of Mozambique] has committed to provide the Foundation with some of the proceeds from the debt buyback. The Foundation has demonstrated its ability to generate contributions from the general public...
- [The Foundation] should undertake a study of its staffing needs under several programming and administrative support scenarios. This should include fundraising; accounting; personnel management; funding criteria development; project analysis, design, and evaluation; communication and information; management information systems; documentation; and training for grants management.¹⁵

The study confirmed the belief of the founders that an endowed foundation was feasible and added credibility to their efforts. The study also helped increase the confidence of foreign funders in the initiative.

Example 2

The Capital Campaign
Puerto Rico Community Foundation

The Puerto Rico Community Foundation (PRCF) was founded through the efforts of a group of organizations and individuals who wanted to increase funding to the nonprofit sector in Puerto Rico. Founders included the National Puerto Rican Coalition (NPRC) and a group of donors led by the Ford Foundation who came together with a common interest in increasing funding for nonprofit activities on the island. The establishment of an endowment was a high priority of PRCF's founders, who saw it as essential to sustaining the financial aims of the foundation. PRCF's formation is discussed in Chapter 1.¹⁶

Founders chose to build an endowment following the community foundation model—to create an institution that can raise and invest funds from individual donors within the community from which interest will be used towards an objective that the donor advises. They began by seeking contributions from US foundations and US corporations based in Puerto Rico to build an initial endowment with which they could leverage local funds.

Over the last fifteen years, the PRCF has conducted two endowment campaigns as well as ongoing fundraising efforts to raise its current endowment, which stands at over US\$20 million. As the backing from its first supporters leveled off, PRCF sought and continues to seek an increase in support from local sources in Puerto Rico. The Foundation has tried a number of strategies to do this, including the building of funds named after families and sports celebrities.

The Initial Campaign - 1983-8

Conditions for raising resources from contributions in Puerto Rico did not seem favorable in the 1980s. Philanthropy was traditionally linked in many people's minds to church-based giving programs, and the number and role of grantmaking foundations were very limited—one private foundation and less than ten other family and independent foundations, all relatively small, on the island.¹⁷ The idea of donating to a new community foundation that would allocate money for specific community projects had not been tried.

Engaging a Constituency through a Feasibility Study

NPRC decided to conduct a feasibility study on the idea of setting up a community foundation. In 1983, with Ford Foundation funding, NPRC commissioned private consultants to carry it out. The study was an important step in building support for the idea and raising endowment contributions because it introduced the concept to a range of potential contributors both on the island and on the US mainland.

Consultants interviewed 34 community and business leaders during a three-month period. The first part of the interviews consisted of discussing the roles and objectives of community foundations. The second part explored the company or organization's policy toward community giving, its record in recent years and its

plans for the future. The third part consisted of reactions to the proposal to create a community foundation in Puerto Rico.

One strategic focus of the study was US corporations operating on the island. They were identified as a good source of potential funding because they received considerable tax benefits for locating in Puerto Rico (these corporations are referred to as “936 corporations” for the US tax regulation under which they are instituted).

The consultants met with positive responses in the majority of interviews. Their findings, summarized below, suggested that both US foundations and 936 companies were good potential sources of endowment funding:

- The heads of major associations interviewed expressed support for the community foundation: the Puerto Rico Manufacturers Association, the Puerto Rico Bankers Association, the Pharmaceutical Industry Association, the Puerto Rico Chamber of Commerce
- Most leaders interviewed responded that the PRCF should have no difficulty in raising from the private sector US\$ 3 million in matching funds over a three-year period
- The PRCF would not compete with the Puerto Rican United Way
- The timing is good for the following reasons:
 1. The 936 corporations, in part responding to pressure from the U.S. Treasury and the recent congressional amendments, would welcome a catalyst and an instrument to “do more in Puerto Rico.”
 2. There is a growing consensus in Puerto Rico that the island needs to break the syndrome that only government can do things.
 3. Several new entities have been created recently by the private sector to increase its role in community affairs.
 4. Two Puerto Rican foundations are in the process of significantly increasing their grant-giving.¹⁸

It was also clear from the interviews that having an early strong commitment and support of individuals at The Ford Foundation and Schering-Plough (a 936 corporation) would be a key factor in the success of an endowment-building effort. Their support raised the credibility of local efforts and made them more likely to succeed. In addition, these two organizations participated in many of the early meetings and eventually, once the Board of Trustees was in place, announced intentions to contribute matching funds to the Foundation’s endowment.

PRCF received commitments totalling US\$ 4 million in challenge grants from these US foundations: the Ford Foundation, the Rockefeller Foundation, the Carnegie Corporation of New York, and the John D. and Catherine T. MacArthur Foundation. It was committed to matching these funds two-for-one from local sources and thus needed to raise a total of US\$ 8 million by March 31, 1989.

Thanks to the efforts of two executives from Schering-Plough, PRCF raised matches from eleven 936 companies, two local banks and several smaller companies amounting to US\$ 1,800,000 by the end of the second year of the campaign.

By 1989, PRCF exceeded its goal of US\$ 12 million (US\$ 4 million from US foundations and US\$ 8 million from other sources) by just over US\$300,000. It asked for and received two important agreements about the matching effort that helped it reach its goal:

- The deadline was moved forward six months to December 31, 1988 to enable them to realize several new endowment commitments
- US foundations accepted that an over one million dollar in-kind contribution of media coverage of PRCF's anti-drug campaign could form part of the match

The Drive Toward Permanence - The Second Campaign

Out of the experience of the first capital campaign—an effort to raise endowment assets—the Board of PRCF felt that it was ready to seek out new ways to establish a culture of local philanthropic giving in Puerto Rico that would sustain it over the long run. Some of the lessons they derived from the successes and obstacles of raising permanent endowment funds were:

- understanding the importance of local support
- acknowledging the key role a board member can play
- designating a budget for the endowment drive
- strategic use of a consultant to research funding sources¹⁹

In 1990, PRCF began to return to its closest supporters to raise the endowment to a goal of US\$ 20 million. It reached out to them through direct contacts and request. In launching the second campaign, it hoped to seek out and strengthen local philanthropy by building on local traditions. Toward this end it incorporated the following approaches into its campaign:

- Build on the cultural chords that make people give. PRCF believed one important notion was to bring the family concept into the foundations
- Reach out to local celebrities to mobilize not only resources but local pride from the publicity that comes with involving them
- Produce visually attractive, professional material that conveys the notion of being solid, serious and stable²⁰

One of the tools PRCF used was a case statement—often used to express why an organization should be endowed. PRCF's case statement is two pages long and is used along with examples of what it has accomplished to date. The statement carefully situates the foundation within a context of Puerto Rico's need to move away from government as the sole supporter of social programs and initiatives. It intersperses this argument with examples of its successes: (summarized)

The Case for the Puerto Rico Community Foundation

For over forty years, government had been seen by nearly everyone in Puerto Rico as the source of all services, the solver of every problem, the giver of all benefits and the initiator of all economic activity.

This was the legacy of four decades of transformation in a society that had changed from a one-crop, absentee-landlord economy in the 1930s, tinged with many vestiges of feudalism, to a fast-growing, increasingly diversified, manufacturing based economy of the 1960s and 1970s.

It was a fitting role for government to play, early in that period. It had to take the lead in showing the community the road towards self-respect through self-sufficiency and in spurring private capital into action along that road. The government played the role well, so well, in fact, that Puerto Rico was often held up as a model for other developing societies to emulate.

But the transformation is not yet complete. Many of the old social and economic problems persist, and many new ones have emerged as a concomitant phenomenon of rapid modernization.

In recent years, it has become ever more obvious that the government cannot—indeed, should not—continue to be the provider of all things to all people. This is particularly true in an increasingly complex society, complex in terms of its economy, its aspirations, its social makeup and its patterns of production and consumption.

But there is nothing to fill the void between government initiative and social need. In Puerto Rico, different from the United States, there has not been a strong tradition of private philanthropy to fill the gap between what the community needed and what government could provide. Compounding this lack is the fact that, until very recently, the national philanthropic foundations, who play so large a role in community development on the mainland, had been singularly inactive on the island.

Yes, Puerto Rico had been ripe for someone—something to come along and act as a complement to government in attempting to find solutions to the myriad problems that persist, plus the many that have emerged hand in hand with development and modernization...

Into this reality, the Puerto Rico Community Foundation was born in 1985.

The Foundation has brought something new to the island. In its short existence, it has institutionalized and professionalized philanthropy in Puerto Rico. It has demonstrated that a need for this type of organization existed and that well-managed giving promotes corporate and individual philanthropy. Its success has drawn the attention of civic-minded groups in various Caribbean and Latin American countries, many of whom have come to the island to learn how the Foundation operates, with a view towards replicating its success story in their countries.

The need now is to build on that success, to give the Puerto Rico Community Foundation a strong boost that will firmly establish it as a permanent and highly valuable community tool to help Puerto Rico cope with the challenges of the present and the future.

One thing we can assure is that in granting our request for significant support for our endowment, you will have made one of the best investments in Puerto Rico. As we believe you will conclude after reading this and the attached material, no one else on the island is more

effectively using available resources in helping solve the structural problems of society and in building a more stable, better Puerto Rico.

Be our partner in carrying out this important enterprise to its ultimate potential!²¹

The Family Funds

In addition to returning to its closest supporters, PRCF announced its intent to begin raising funds locally from families that wanted to create a legacy by supporting the development of the Puerto Rican community. PRCF's 1990 Annual Report describes the role and context for the launching of these family-designated funds:

... The Drive Towards Permanence does not rely solely on the continued and repeated support of the original backers. In keeping with our objective of stimulating the growth of private philanthropy, we have created new ways to raise funds and give donors recognition for their support. Notable among these new approaches is the Families Fund. Under this concept any member of a family who wishes to establish a permanent legacy in the name of a particular member of the family—or in the name of the family as an entity— may do so through the Foundation.

The mechanism is simple: the individual or family who wishes to create the legacy donates an amount, as a one-time contribution or as an open-ended one to which sums are added periodically to the Foundation, with the proviso that the money be added to the Endowment Fund and that the proceeds thereof be utilized in whichever way best reflects the interests of the person honored.

The specific use can be, for instance, as general as “for educational purposes,” or as specific as “for programs in mental health.” Or it can be simply given in support of the Foundation's general programs. From the Foundation's point of view, the less specific the use designation, the better. But some donors have very valid reasons to be specific, as could be the case if the person in whose name the fund is established was, for example, a science teacher, and the family may wish to honor him or her by supporting education in the field of science. Unless the desired restriction is too specific, it can generally be accommodated within the six broad areas of interest that the Foundation has defined for itself: health, education, community development, economic development, culture and the arts and crime and drug abuse prevention.

The Families Funds is not just an idea. It is an ongoing program. The first fund was established in 1990 by the Margarida-Julia family, to honor the memory of Doña María Luisa Saldaña de Juliá, the wife of Dr. Mario Juliá. Her unflagging support of her husband was instrumental in helping him achieve many goals in the field of mental health. Other Family Funds are in the process of being established and the present trickle is expected to become a significant stream which could contribute importantly toward the US\$20,000,000 goal and continue to grow indefinitely.²²



By 1997, PRCF had 20 family funds worth a total of US\$39,461, the smallest equal to US\$50 and the largest equal to US\$10,000. The Family Funds have so far yielded small return in regards to effort, but PRCF considers it one of its most successful programs. Nelson Colón, PRCF's program director, noted:

I believe it is perhaps the most powerful instrument that we have to build family and individual philanthropy in Puerto Rico. It is a new path, departing from the old blueprint of our US foundation partners. We are now working in one of the most difficult areas, which is the building of local philanthropy.

The critical piece is that although the yield is low compared to the large grants we received from US foundations and corporations, the fact that we have 20 family funds open is a major stride toward a new philanthropic tradition.²³

Colón believes that three components for the initial success of the Family Funds Program are:

- **PRCF provides matching funds for family funds.** Every dollar contributed to a family fund is matched with fifty cents from the Foundation. This has provided a strong incentive for giving.
- PRCF's marketing campaign has been effective. The brochure has been well received. In addition, PRCF produced a video that ties into local cultural and social traditions. PRCF uses the video in meetings and professional conferences. Another approach is working with estate planners.
- **There is a strong connection between the concept of family funds and the way that philanthropic activity normally happens** in Puerto Rico. Philanthropy happens through inheritance, parents will leave money to their family and ask the family to support some sort of charity. PRCF's Family Funds offers people a way to build on this local tradition.

PRCF has also started working on another approach called the Stars Funds. Through this concept, it seeks to cultivate highly placed celebrities, mostly baseball players, by inviting them to open a fund at the foundation with some of their earnings. In 1998, PRCF had one fund opened with US\$100,000. The plan is to make the Stars Funds attractive to celebrities from all types of occupations

Example 3

Debt-for-Nature Foundation for the Philippine Environment

The Foundation for the Philippine Environment (FPE) was organized and formally established in 1992. The financial base for its establishment came from a debt-for-nature swap carried out with funds from the US Agency for International Development (USAID) and the Bank of Tokyo.

The effort to raise an endowment began with discussions between the governments of the United States and the Philippines and a strategic lobbying effort by a coalition of Philippine environmental organizations—Green Forum Philippines. In 1990, as a result of these discussions, the US Government signed

into law the Foreign Assistance Act, under which the Natural Resources Management Program emerged as a focus of USAID. Of the US\$125 million of new bilateral assistance for the Philippines, US\$25 million was earmarked for a Resources Protection Component to support local activities for biological diversity and sustainable resource management.

The Philippine Government and USAID negotiated the use of this funding. At the same time, discussions between the Philippine Government and the NGO sector gave rise to the idea to use part of this assistance to create a permanent endowment to fund environmental activities. Subsequently, some of this assistance and a contribution of the Bank of Tokyo was used to buy Philippine debt and is the base of FPE's US\$22 million endowment.

Negotiating and Conducting the Swap

The Foundation itself arose out of a successful negotiation that included Philippine environmental organizations and the US and Philippine governments. These negotiations did not always go smoothly. Both the need for US congressional agreement and the interests of Philippine organizations to ensure that any endowed foundation would have local autonomy had to be incorporated into the process.

US Government action to support environmental conservation in the Philippines was premised on a policy of supporting the historic change-over of government (from the dictatorship of Ferdinand Marcos to a more democratic system) and the democratization process underway in the Philippines. USAID saw an opportunity to pioneer a new era in development aid that would incorporate NGO participation and substantial support for the environment. Endowing a foundation offered a particular advantage in that it meant the Agency could make a significant single contribution that would have a long-term sustainable impact. As Eugenio Gonzalez, a Philippine NGO leader who played an important role in the discussions noted:

There is a bureaucratic advantage built into an endowment. Put 100 million dollars in an endowment and you would have spent 100 million dollars in one click. If you don't put it in an endowment, you spend it over several years.²⁴

In order to start the process of negotiating the funding for the debt-swap, the US Government chose a US NGO, the World Wildlife Fund (WWF), to act as the implementing agency. After USAID signed this agreement, Philippine NGO negotiators insisted that an American NGO should not be given full "trusteeship" over a Philippine project. They identified two conditions for their involvement in the FPE establishment process:

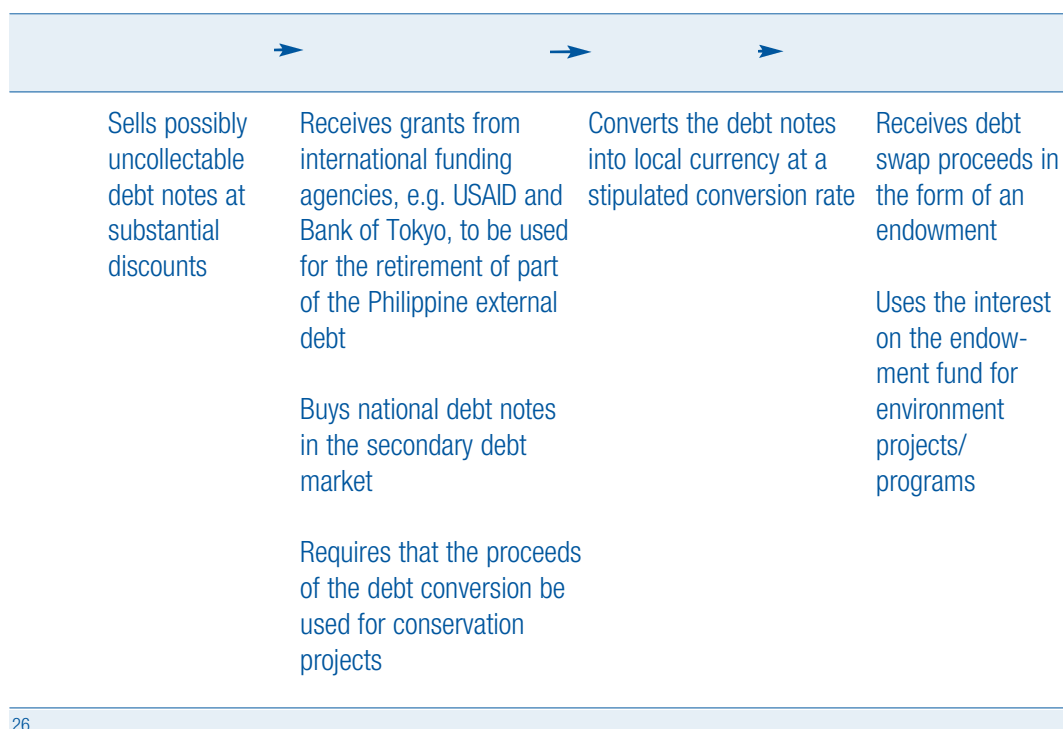
- The Foundation should be NGO-dominated and managed
- The Philippine Business for Social Progress (PBSP) should be included in the cooperative agreement

Subsequently, WWF signed a cooperative agreement with PBSP in July 1991. Both NGOs were mandated to provide technical assistance to FPE during its first two years, and would jointly administer an Interim Grants Program so that funds would be available immediately to NGO applicants while FPE was being formalized.

Structure of Agreement

The debt-for-nature swap was structured as follows:

Start-up financing came from USAID, which—through the Resources Protection Component of its Natural Resources Program—provided the grants that established an endowment that is worth [in 1995] about US\$22 million in Philippine pesos. The Bank of Tokyo also made a US\$200,000 debt donation to the World Wildlife Fund for the Foundation. The FPE endowment fund is in the form of special series Philippine Central Bank notes. The interest income earned from these notes is used by the Foundation in funding biodiversity conservation projects of NGOs as well as some proactive programs.²⁵



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Investment and Management of the Endowment

Even before FPE had raised an endowment, it began putting in place investment and management policies designed to safeguard and grow the fund.

FPE established a Finance Unit headed by a Financial Manager who is backed up by a Project Financial Analyst. The responsibility of these staff include the overall financial management and coordination, accounting and investment policies. The Financial Manager develops a program for obtaining the highest yield for investable funds and submits this for the approval of the FPE's Executive Director. The Financial Manager also coordinates with investment managers on the management of investments. Any change in policy and assessment of the manager's performance is undertaken by a board-level investment committee.

The investment policies that follow come from a December 1997 FPE Board meeting and take into account a negative economic climate that year. In addition to

the endowment policies and “growth fund,” FPE also included policies on investing “float”—grant and operations funds committed and allocated but not yet released.²⁷

INVESTMENT POLICIES As presented, December 12, 1997

A. BACKGROUND

The Foundation's investment policies are intended to serve the Foundation's basic requirements as follows:

1. Safety of Principal
2. Liquidity of Funds
3. Sufficient Returns
4. Long-Term Growth of Fund

To enable the Foundation to attain these objectives and at the same time perform its functions, the Foundation tries to invest and budget in ways that produce relatively smooth spending patterns from year to year, while preserving the real value of the investment portfolio.

The following table shows the asset allocation of the FPE's portfolio at the end of September 1997. The fixed income investments is composed of short and long-term government securities or 94% of the total portfolio, while equities and other liquidity accounts accounted for the remaining 6% of the total funds.

Portfolio Components (as of September 30, 1998)		
	<u>Market Value</u>	<u>Percent to Total</u>
	(In thousands of pesos)	
Fixed Income Investments		
Long-term Securities		
20-yr bonds	318,060	54
5-yr. [fixed term notes]	82,207	14
4-yr.	18,680	3
3-yr.	33,491	5
2-yr.	59,924	10
Short-term	36,767	6
Equities	24,509	4
Liquidity Accounts	14,103	2
Total	587,741	100

* Market value includes accrued interest earned

B. ECONOMIC INDICATORS [Short section that details key economic indicators and market assumptions in 1997]

C. INVESTMENT POLICY

ENDOWMENT FUND		
Decision Points	Policy	Remarks
• Time Horizon	• Short to long-term	Investments can be placed at short and long-term securities or other investment outlets with maturities of less than a year.
• Risk Tolerance	• 80% - 100% Fixed 0-20% Equities	Fixed income portion may be invested in Income government securities, commercial papers, promissory notes, participation in loan syndications (will be subjected to stringent scrutiny). Equity investments should not exceed 20% of the total portfolio.
• Policy review and revisions	• Board of Trustees	Investment Committee Investment policy review and revisions will be initially handled by the investment committee for final approval by the Board of Trustees. Review of the policy will be conducted annually after the fund managers presentations of their annual report to the investment committee. Quarterly assessments of the fund managers performance is also being undertaken by the investment committee.

FPE also set aside and investseda special “growth fund” with the primary objective of providing an additional source of funds in the future. This fund is more risk tolerant and allows program-related investments (PRI), another financial mechanism through which a foundation can pursue its objectives. As an FPE Board document explains: ²⁸

Program-related investments are another way for FPE to achieve its objectives. These can be loans, although they may be loan guarantee or equity investments. Their distinguishing factor as compared to grants is that they are recoverable. As such, they can enlarge and recycle foundation resources. These investments involve a greater risk and pay a higher return than conventional investments, and the benefits are many. They help recipients close credit gaps, leverage additional financing from other private sources, accumulate assets, and produce income to sustain their operations. The repayment terms of the PRIs range from medium to longer terms to permit the borrowers to build their financial strength over time. The borrowers can be local cooperatives, people’s organizations or selected NGO’s.

Section 3 **Raising Resources from International Foundations**

This section gives some examples of how local foundations have raised resources from international foundations

Example 1 A Partnership with the Danielle Agostino Foundation
Vamos Foundation, Mexico

Example 2 Core Funding from the John D. and Catherine T. MacArthur Foundation
Foundation For Community Development, Mozambique

Which International Foundations Might Support Grantmaking Foundations in Other Countries?

A small number of foundations, primarily in North America, Europe and Japan, have international grantmaking programs. Among these internationally active foundations, only a handful have channeled their support through foundations in other countries. This funding, however, has been critical in several cases to the growth and development of foundations in other countries. Many international foundations publicize the countries and areas of activity they are interested in supporting. Guidelines can be obtained directly from them and are often available on the internet.

Why Do International Foundations Support Partner Foundations in Other Countries?

An international foundation may, of course, have any number of objectives that bring them to work with counterparts in other countries. Among the reasons that they chose to work with the foundations in this section were:

- To gain access to local knowledge and organizations
- To work with counterparts share similar values and standards of accountability
- To increase the sustainability of their efforts in other countries by supporting the growth of local philanthropic institutions that will continue these efforts

International foundations have assisted counterpart foundations by:

- Co-funding their grantmaking programs
- Assisting them to mobilize additional resources
- Providing technical support
- Funding core operational costs

How Can International Foundations Be Approached?

International foundations, like their counterparts, will have their own policies on how potential support can or should be developed. Some will have staff in the field. Some may proactively approach the local foundation with an idea for a joint

program. Some consider and even prefer unsolicited proposals while others will not consider funding a proposal without significant prior contact.

The Vamos Foundation and the Foundation for Community Development (FDC) both found that they needed to invest time in getting to know the staff and relevant objectives of the international foundation. This served as a basis for developing a good relationship and lines of communication. Their experience suggests three separate phases in the relationship.

1. Laying the Groundwork

Making contact with the staff or others connected to the international foundation helped launch a discussion and build understanding. These contacts came through the participation of a founder in an international conference in the case of the FDC, and were assisted by the facilitation of a third party in the case of Vamos. In laying the groundwork, both foundations attempted to:

- Identify the areas of funding and objectives of the international foundation
- Discuss their own objectives and how they would be accomplished
- Provide a broader context about their role in society
- Demonstrate their capacity and integrity

2. Refining the Proposal

The groundwork now begins to take shape as concrete proposals for action. Neither Vamos nor FDC submitted unsolicited proposals. They created the content of the proposals in consultation with their constituents and the staff of the international foundations. These proposals were revised with feedback from both foundations. In both cases, the relationship between the local and international foundations involved a series of proposals each building upon the results of previous years work. They found strong supplementary communications material, a good reputation, an excellent proposal and the ability to carry it out were critical to their success.

3. Evaluating Progress and Next Steps

Once the proposals were funded FDC and Vamos needed to keep their international foundation partners well informed about their progress—something that was not always as simple as it may sound. A reporting process is usually built into any funding agreement, but this is only one aspect in which the foundations discussed in this chapter have sought to create an ongoing relationship. Their experiences suggest that it is important to maintain an open line of communication through which it is possible to discuss both the successes and challenges to the collaboration. Vamos has conducted joint site visits as one way to share the lessons from its work.

Summary Points

Successful proposals focus on initiatives that fit the objectives of both foundations.

Foundations that give international support need to meet their particular objectives. The Danielle Agostino Foundation from the US and Vamos met and discussed these potential areas of collaboration a number of times. The proposals that rose out of this contact gained from the good understanding on both sides of the intersection of objectives and ends.

Partnerships to jointly tackle common objectives can build on the strengths of both organizations. Beyond the financial support that can be developed in a foundation-to-foundation relationship, is the potential of building on the strengths to improve the impact of grantmaking. A local foundation brings to bear knowledge of local conditions, a capacity for consistent and long-term interaction with grantees and the objective of mobilizing local resources. The international foundation has knowledge of good practices in other countries where it works, access to greater financial resources and connections to other organizations. Such partnerships, however, are not easy to maintain.

Different laws, customs, expectations and policies may limit the possible support from foundations with international programs and the level of funding available. It can be a challenge to build the level of trust and understanding needed to create a successful proposal. One reason many foundations still support international NGOs for their work in other countries, rather than local NGOs, is because they can more easily guarantee that their funding will be used in an accountable manner.

In the case of the FDC, the John T. and Catherine D. MacArthur Foundation gave its first funding through a US intermediary that could assume fiscal responsibility. Later, as the FDC began to develop its own systems and procedures, MacArthur gave its funding directly to the FDC.

Managing a successful relationship required good capacity in, at least, the following areas: program design and execution, financial management and accounting, and communications.

FDC and Vamos found that they had to have good programs and the capacity to report and communicate what they have done. These capacities were fundamental, not only to their ability to maintain a good relationship with their donor, but to their bottom line—the social and economic impact that they can make.

Support coming from foundations with international grantmaking programs might be developed for programs, institutional development or endowment. Different foundations have various restrictions on the types of support but have given support for programs (grantmaking and other programs) and the development of the institution itself. The case of Vamos is an example of program support and the case of the FDC is an example of support for institutional development. Endowment support is less common. The case of the Puerto Rico Community Foundation is an example of raising endowment support from the Ford Foundation.

Example 1

Core Funding from the John D. and Catherine T. MacArthur Foundation
Foundation for Community Development (Mozambique)

From 1989, a group of Mozambicans began developing a relationship with the John D. and Catherine T. MacArthur Foundation based on a mutual belief that a locally managed foundation could play a very important role in strengthening civil society and development in Mozambique, which was just emerging from two decades of war. The Mozambicans, all of whom were involved in social or economic development issues in the country, began strategizing as early as 1987 about how they could start to build and strengthen local non-governmental organizations in Mozambique.

Laying the Groundwork

The MacArthur Foundation became involved very early in the conceptualization of the Foundation for Community Development (FDC), through a discussion between Adele Simmons (then President of the MacArthur Foundation) and Graça Machel (who was to become one of the founders of the FDC and was the former first lady and Minister of Education of Mozambique). At a 1990 meeting they were both attending of the Southern African Grantmakers' Affinity Group at a Council of Foundations in the US, Machel and Simmons discussed the possibility of building a foundation in Mozambique that would begin to shift some decision-making about local development issues away from foreign donors and build local autonomy and ownership. They agreed that a first step would be to consult more broadly within Mozambican society. Simmons indicated MacArthur might support this process.

Machel asked The Synergos Institute (a nonprofit organization based in New York City with expertise in the area of foundation building) to assist her and the other Mozambicans to begin a process of consulting in Mozambique on the idea. Beyond providing technical assistance and advice to the founders, Synergos also managed the first MacArthur planning grant of US\$25,000 on behalf of the Mozambicans who did not at that point have a formal association that could accept and manage the grant. The second grant in 1990 and the third in 1992 were managed by Global Partners, another US NGO. A third grant, in 1993, which covered three years (1993, 1994 and 1995) was made directly to the Community Development Association, the precursor to the FDC. Finally, in 1996, MacArthur made a three-year grant directly to the FDC, which had been formally launched in 1994. Through an "initiative on philanthropy in developing countries," the MacArthur Foundation's General Program (and one grant from the Peace and International Cooperation Program) contributed a total of \$1,378,000 (from 1990 to 1999) to the formation and development of the FDC.

The early relationships, based on discussions between various individuals were critical to MacArthur's decision to risk funding for a process of consultations. Having a partner, The Synergos Institute, that was able to provide institutional support, technical assistance and advice during this process was also a key element in MacArthur's decision to provide funding. Woodward Wickham, Vice President for Public Affairs and Director of the General Program at the MacArthur

Foundation, explains that MacArthur, which does not have an office in Africa, relied on Synergos to assist in monitoring the evolution and progress of the FDC.²⁹

Making a Proposal

By 1992, the founding group had created the Association for Community Development, which had the sole mission of establishing the foundation, and had received significant support from within Mozambique (particularly government, business and social leaders). MacArthur's Wickham had visited the Association in its new offices that year to begin to assess, among other things, the readiness of the group to launch the foundation. At the end of his visit, he encouraged the Association to submit a proposal for funding the institutional, operating and development costs of a new foundation. Wickham made it clear that MacArthur would not consider a contribution to the endowment of the foundation. Rather it was interested in assisting with core costs to enable the new foundation become a strong institution that would, in turn, be able to leverage funding for programs and endowment.

Based on these discussions, the staff of the Association wrote and submitted a proposal for three-year core funding. The cover letter is excerpted here, followed by the list of annexes, excerpts from the summary, and the table of contents. The proposal asked for full funding, more than US\$1.3 million over three years. MacArthur granted the Foundation US\$750,000 in declining amounts over three years, with the logic that the Foundation would begin to raise additional funding and become less reliant on MacArthur's support. Here is an excerpt from the cover letter that accompanied the proposal:

Based on our recent assessment of the Association's progress and challenges ahead of us in Mozambique (as outlined in our Progress Report sent to you last month), I would like to submit a three-year proposal for operational and partial project support to the MacArthur Foundation. This proposal outlines a plan for launching the Foundation for Community Development with the purpose of supporting local community initiatives in our country.

In financial terms, Mozambique is one of the poorest countries in the world. As a society, we have endured mass violence, dislocation, and destruction of our social and economic infrastructure. At this moment, our people are our most precious resource, and we must find new ways to mobilize resources and catalyze the rebuilding of our country.

Of course, we will need international help to solve some of the problems we face, such as the demilitarization of our country, the relocation of our displaced people, the reconstruction of our bridges and roads. At the same time, however, Mozambican people, communities, and institutions must ultimately bear the responsibility for rebuilding our society. I see the Foundation as one step towards catalyzing local initiatives, leadership, and the generation of new ideas to accomplish this.³⁰

The Foundation then requested MacArthur support for the process of building a foundation. The focus of the proposal was making a case for an organization that would be able to respond to the needs of Mozambicans and help the country rebuild. The proposal thus focused on the institutional development of the

foundation. The table of contents to their proposal shows where they incorporated the three elements that they viewed as fundamental to the establishment of such an institution, namely how it would develop its staff and systems, how it would put in place an effective grantmaking program and how it would raise resources.

A Proposal to the John D. and Catherine T. MacArthur Foundation
for a Three-Year Grant for Operational and Partial Program Support

30 July 1992

Table of Contents :

A. Summary

B. Status of Work and Analysis of Progress

1. Institutional Development
2. Program Development
3. Fundraising and Outreach

C. Program Objectives and Rationale

1. Continue to assemble a well-qualified staff and refine our office management and procedures
2. Expand outreach efforts in support of endowment and program needs and new membership
3. Develop effective strategies of work and implement a three-year program

D. The Program

1. Program Goals and Strategies
2. Areas of Activity
3. Program Plan for Local Community Development Projects
 - Education and Health
 - Water Wells
 - Forestation
 - Agriculture and Food Processing
 - Shelter for Street Children

E. Budget

F. Annexes

Annex list:

- Mission statement
- Foundation statutes (draft version)
- USAID Consultants' Report, "Assessment of the Feasibility to Establish an Endowment for Foundation for Community Development of Mozambique"
- Names and Titles of Association Members
- Report of the April Workshop Co-Sponsored by FDC, "Strengthening Civil Society and Community in Southern Africa"
- 1992 Budget ³¹

FDC presented two solutions to the challenge of institutional development: hire skilled staff and develop grantmaking strategies that work within the Mozambican context. The strategies are simply stated and then developed in detail later in the proposal.

Summary:

...Ironically, we have learned that our greatest challenge is an institutional one. Although we have forged strong links with different groups in Mozambican society, and have a committed membership in the Association, we cannot respond to the challenges of program implementation without a strong administrative base. Thus, our priority in the short term must be to hire skilled people to form the backbone of our efforts.

Second, our early experience in project implementation has illustrated that we must also concentrate on developing more deeply our strategies of work. There is a need in our society today for a funding source that can respond quickly to support community initiatives in a way that is sustainable and empowering, rather than in ways that have temporary impact or which discourage initiative. However, we must develop methods of grantmaking that include rather than exclude groups operating without formal legal statutes or sophisticated accounting systems...

Evaluating Progress and Next Steps

Throughout the 1990s, communications were not easy to maintain from Mozambique. Phone calls were expensive at best and often impossible. Mail service was unreliable. Compounding these logistical problems, a language barrier meant that all written communications had to be translated, either on the sending or the receiving side. At times, both the Foundation and MacArthur staff were frustrated with the difficulty in maintaining clear and consistent communications between the two organizations.

By the end of 1995, the Foundation had been established, built a core staff and was raising funding to cover over US\$150,000 a year in grants to local groups from a broad range of donors. Although it had had some difficulty in hiring an executive director (an executive director was hired in 1996), Machel had assumed the helm of the Foundation as a volunteer president. It was on the basis of this success, that FDC returned to MacArthur to ask it to continue its support. Based on the progress it had made, MacArthur agreed to a final three-year grant (1995-1998) for institutional development.

Example 2 *A Partnership with the Danielle Agostino Foundation
Vamos Foundation (Mexico)*

The Vamos Foundation was founded in 1995 to identify and mobilize human, financial and material resources needed to support participatory actions for sustainable development and the achievement of a decent standard of living for people through collaborative projects by NGOs and community organizations. Its founding assembly brought together more than 50 Mexicans with significant experience in sustainable development and the promotion of democracy and social and economic rights.

Assembly members contributed their own resources (largely in the form of in-kind donations) and were able to draw on the resources of a core of organizations they worked with, for example, the American Friends Service Committee and the Marists Brothers. Vamos sought to build on the commitment of its members to mobilize new resources from both national and international organizations. By 1998, it had raised funds from eight additional international organizations, including the John D. and Catherine T. MacArthur Foundation, the Netherlands Organization of Cooperation and Development (NOVIB) and the Danielle Agostino Foundation (DAF). The following case focuses on how Vamos built a relationship with DAF.

Laying the Groundwork

In its early stages, Vamos began looking for US foundations that shared its values and were interested in assisting it to support the groups with which it works in Mexico. One of the founders and now the President and Chair of the Board, Javier Vargas, felt that working with Vamos offered a good opportunity for US foundations that wanted to make a positive difference in Mexico, the southern neighbor of the United States, through a community empowerment approach.

In his work as a grassroots organizer, Vargas had heard about the Danielle Agostino Foundation, a family foundation based in New York that supports women and children's welfare in indigenous populations, primarily in Mexico but also in Guatemala and Brazil. DAF, established in 1991, did not maintain a staff or offices in Mexico. It chose the groups it would support through yearly visits to Mexico and the advice and assistance of its contacts.

In September 1995, a delegation of the Vamos Board—it had no staff at that time—visited New York at the invitation of supporters (American Friends Service Committee, Unitarian Universalist Service Committee, Lutheran World Relief and Maryknoll Fathers and Brothers). At this time, the delegation met with Flavia Robinson, the head of the Agostino Foundation. Because Vamos did not yet have a grantmaking track record, they found it difficult to convince Robinson of the value of working together and left the meeting discouraged.

During their visit to New York, Vamos board members also met with David Winder, the director of programs at the Synergos Institute. Winder discussed Vamos with Robinson, who approached him for contacts she might make in Mexico

during a conference they both attended later that year. Based on this groundwork and that laid by Vamos during the first meeting, DAF became interested in the idea of partnering with a local foundation like Vamos. Synergos set up a second meeting between Robinson and Vargas in New York in December 1996. Vargas came well prepared and presented a proposal for discussion. Winder suggests that “an important element in the success of the meeting was that Vamos had a proposal that was not too narrow or restrictive. This left room for the two organizations to discuss options for collaboration fitting the agendas of both organizations.”³² This open discussion served as a base for building a partnership.

Refining the Proposal

With interest on both sides in building a partnership, Vamos Board members Javier Vargas and Rogelio Gómez Hermosillo, who later became director, prepared a proposal based on defining an area within Vamos’ grantmaking plans that would be of particular interest to DAF. The resulting proposal was for joint collaboration in supporting small income-generating and social projects for women, indigenous people, and poor children in marginalized areas of Mexico.

The body of the proposal is five pages long. It was written originally in Spanish and then translated for DAF. It is structured under the following headings:

- Background
- Proposal
- Project Profile
 - Fundamental Criteria
 - Other Important Criteria
- Vamos’ Project Procedures
 - Request for Proposals [Vamos’ requests for proposals from local NGOs and community groups]
 - Selection Procedures
 - Contractual Agreements
 - Monitoring
 - Finances and Accounting
 - Tax Deductibility
 - Institutional Costs

The proposal emphasized how working with Vamos would add local experience, trust and connections to DAF’s grantmaking in Mexico (note bolded section below). The background section of the proposal makes this point:

BACKGROUND

The missions of VAMOS and DAF have many points of intersection. DAF’s mission is to support indigenous people, women, and children in impoverished conditions through specific projects based on basic needs. The institutional mission is to gather and mobilize resources to spur participatory and sustainable development and to improve the living conditions of the most disadvantaged Mexican populations including indigenous people, women, and children.

In recent years, Mexico's social and economic situation has worsened dramatically with disproportionate consequences for poor people. Certain regions require special attention—including the central and southern states of Chiapas, Oaxaca, Guerrero, Puebla and others.

When undertaking the selection of a working partner and the creation of a development program, it is imperative to prioritize areas of interest, become knowledgeable about relevant organizations, and be informed about the most effective groups and social actors. It is also necessary to place all of this information into the correct social, economic, and political contexts. VAMOS has the experience, the connections, and the trust of local partners and specific regional and related networks. These relationships will be put into action for and with the DAF.

Given DAF's interest and commitment to support poor people in Mexico, VAMOS submits the following proposal which coincides with the mission of both organizations and which sets out the following objectives:

- To efficiently and directly aid poor people, using a rigorous system of management
- To ensure that the beneficiaries of this aid become committed and active participants in their own well-being
- To work within a flexible and transparent administrative structure
- To garner valuable knowledge through the evaluation and analysis of this work

The request was stated in two paragraphs. Vamos asked for US\$250,000 to support grantmaking activities in 1997. The goal of the proposal was the establishment of a strong mechanism for social investment in Mexico. Rather than avoiding its potential sore spot—the lack of a track record—Vamos saw that it would be in the interest of both organizations for Vamos to establish its capacity to bridge between social investors like DAF and local organizations and it made this an explicit goal of its proposal.

We request the sum of US\$250,000 for 1997 in order to support between 20 and 35 small projects. We request US\$100,000 for the initial trial phase during the first six months of this venture with an evaluation of advances at the end of this period. If the results are satisfactory, the remaining US\$150,000 will be released for the second phase of the program.

The goal of this proposal to the DAF is to establish a medium-term dependable grantmaking mechanism in Mexico guaranteeing efficient social investment through a trustworthy and competent partner [emphasis added]. For VAMOS, the aim of this partnership is to deepen its social initiatives with the necessary financial backing from a committed, international partner. The following criteria and procedures will be discussed with the DAF in order to achieve consensus on the functioning of the partnership.³³

DAF approved VAMOS' proposal but for US\$150,000, not the US\$250,000 for which it asked. DAF believed it was taking a risk in supporting an untried foundation but felt that this risk could pay off in a long-term partner and more local support for women's and indigenous groups in Mexico.

Vamos, at this point was only one-year old. It had concentrated on developing a strategy and approach that would guide its grantmaking and resource mobilization efforts. This helped it to clarify how the support would work and to elevate the

request for funding to a level of partnership for common goals. Under the section entitled Project Profile, it presented its criteria for approving support to a group.

FUDAMENTAL CRITERIA:

- All approved projects must promote the well being of indigenous people, women and/or children in Mexico

OTHER IMPORTANT CRITERIA:

- The objectives, strategies and activities of the projects should support sustainable development with respect for human rights
- The projects should have access to technical and methodological support in order to be viable and effective
- The projects should be developed with the active participation of the beneficiaries as a means to strengthen self-sufficiency
- The projects should be economically viable and cost effective and promote social progress according to this strategy
- The projects should be conducted in a manner that respects the environment, local traditions and cultural values and that will strengthen social identity while promoting gender equality
- The projects should utilize the economic and human resources of the organizations involved and that of the local communities. There should be strict financial discipline and an optimal use of available resources
- The projects should not be isolated; they should be linked to other efforts in related regional initiatives

The above criteria are set out as a base. Other criteria will be discussed and agreed upon between DAF and VAMOS in order to arrive at a set of project guidelines that best reflects the priorities of both institutions. Additional guidelines to be discussed would include the maximum level of financial support for any one project³⁴

Evaluating Progress and Next Steps

As part of the proposal process, DAF and Vamos agreed to maintain their contact through conventional means—Vamos submitted reports and communicated with DAF about the program. Going a little beyond this “donor-donee” relationship and reflecting the nature of their partnership, they also agreed to work together through two key provisions. DAF would review and give a final OK over projects that its funding would support. It was felt that the two foundations should make final decisions in consultation. Vamos and DAF would make joint site visits once a year to review the progress and accomplishments of groups receiving support. Once again, it was felt that this would help strengthen the partnership between Vamos and DAF and it would strengthen the connection between DAF and the grassroots level.

In 1997, Vamos presented DAF with the first list of 27 projects it planned to support. DAF questioned about six out of the 27, and asked Vamos not to support three of the projects that it felt were not sufficiently related to their mission to support women’s and indigenous groups.

Developing a Next Phase

Following on the first year of support, both DAF and Vamos were interested in continuing the partnership. They held a meeting at Vamos' offices in Mexico City in late 1997 in which Vamos presented a report on its activities and its proposals for 1998. The visit was a very intense exchange of views and discussion with Vamos staff, especially the project coordinator. DAF could see success and some failure in the program but was generally pleased with the outcomes. DAF approved the second proposal for US\$200,000 for 1998, with some changes:

- To concentrate on indigenous women and children
- To prioritize income generating projects
- To develop a visit before approval (in the 1997 period it was after approval)

The changes increased Vamos' costs because increased time and travel needed to be invested in each project. Subsequently, Vamos feels that the grantmaking process has been slowed down and it would like to address this issue, "We are figuring out how to improve once again on the process. Having three deadlines and different 'visitors,' some of them from local groups (not Vamos) are likely to be the solution. We should discuss also with DAF how to meet the actual costs of the grant-making mechanism, but we do not want to charge the 'overhead fund.' In any case, the convenience (financial and effectiveness) for them to work with Vamos must be preserved, any financial scheme has that bottom line as a point of departure."³⁵

Section 4 Fundraising from Individuals and the Public

This section discusses how foundations have built a capacity to mobilize contributions from individuals and the public.

Example 1 Direct Mail, Events and the Internet
Child Relief And You (India)

Example 2 Members, Financial Adoption, Volunteers
Abrinq Foundation For Children's Rights (Brazil)

What Can Individuals Contribute?

Promoting and encouraging a local culture of giving is a priority of many grantmaking foundations. Through this effort, foundations can raise local contributions and involve people in solving their own problems and those faced by their neighbors and other communities in their country. Individual contributions can go beyond money and include time, ideas, labor and political action. For example, Child Relief and You (CRY), raises more than a third of its income from contributions from individuals and has empowered thousands to become directly involved.

For both the Abrinq Foundation for Children's Rights and CRY, mobilizing the resources of individuals and the public is essential to accomplishing programmatic goals. They see themselves as a channel for unreleased energy. The effects of getting many people involved and aware of ways they can contribute to their society go beyond the dollars and cents that a foundation raises and puts to good use.

Why Do People Give to Foundations?

Why people give is, of course, related to who they are and may differ radically based on their cultural and economic contexts. Reaching the right constituency and giving them an appropriate means to respond and become involved is part of the challenge. A foundation, in particular, is well-placed to offer individuals the opportunity to have a larger impact on the problems they care about by channeling their funds to strong initiatives. Abrinq and CRY have given people the opportunity of making a difference in the lives of poor children through this approach.

Neither of these foundations have focused their efforts solely on the wealthiest people in their societies. By having a cross-section of levels of giving and types of activities, they have created a supportive network of contributors from various economic classes and professional backgrounds.

A foundation can also be an attractive vehicle for contributions because people care that their money is wisely spent and that it does not end up being diverted from its intended ends. A foundation is likely to appeal to them to the extent that it excels at

accounting for how funds are used and maintaining strong systems of monitoring and evaluation through its internal procedures. Tax deductions, where laws have been written to encourage philanthropic activities, may also influence an individual's decision to give.

The two foundations in this chapter are committed to children's causes, which clearly have a direct emotional appeal to many people. Other foundations and organizations around the world have demonstrated that individuals will give for a broad array of causes, depending on their own commitments. These causes include but are not limited to environment, health, community development, education, sports and arts and culture. Examples of mobilizing resources from individuals for endowments are discussed in Chapter 3.2.

How Do Foundations Reach Individuals?

Foundations have used a range of approaches to reach individuals. Nothing is as powerful as direct contact with a committed board member or volunteer. People respond to requests from people, not abstract organizations, and they are more likely to trust someone they know. Many of the approaches discussed here build on such people-to-people contact and facilitate these efforts by backing them up with concrete programs, timely communication and information about the foundation's values, strategies and programs. Both Abrinq and CRY have pursued fundraising methods that link with their programs and, thus, are a central part of what they do. Approaches discussed in the following cases are:

- Affiliation programs (such as Friends of CRY)
- Awards
- Direct mail
- Overseas fundraising
- Public events
- The Internet
- Volunteer programs

Summary Points

Individuals within the foundation's network can help reach new constituencies. Both Abrinq and CRY started by involving people who were close to the founders and who were motivated by the chance to make a difference. This core of individuals brought ideas and links to new people. As the network grew, each foundation began to try new approaches, always coming back to and reinforcing its relationship with long-term supporters.

Marketing expertise, whether donated or hired, is essential to reaching a broader public. Good marketing helped the foundations to reach out beyond the people-to-people network and send a consistent message. It also assisted with the goals of raising public awareness and increasing the credibility of their partner grantees.

Follow up with reports, thank you letters, publicity and events encourages people to keep giving and stay connected. Both Abrinq and CRY invest time and energy into maintaining contact with their donors and friends through a variety of means. This contact keeps their network involved in their work and encourages them to contribute. It also lets contributors know that the foundations are accountable for the contributions they accept and transparent about how they accomplish their goals.

Donated professional services and expertise are resources that should not be overlooked. Donations from artists and other professionals have been a key to the success of many of the efforts of these foundations. Abrinq has had success also in launching programs that link professionals (dentists and doctors) directly to needy children.

Example 1

Direct Mail, Events and the Internet

Child Relief And You, India

Child Relief and You (CRY) originated in 1979 through the efforts of a local activist, Rippan Kapur, his friends and family to restore to deprived Indian children their basic rights to food, shelter, health and education. Its fundraising strategy was modeled partly on UNICEF's greeting card program and it has since expanded into direct mail and other forms of cause-related marketing. As an example, CRY mobilized 90.1 million rupees (US\$2.1 million) in its 1997-98 fiscal year, 73 percent from donations and 22 percent from product sales.³⁶

Soliciting by Mail

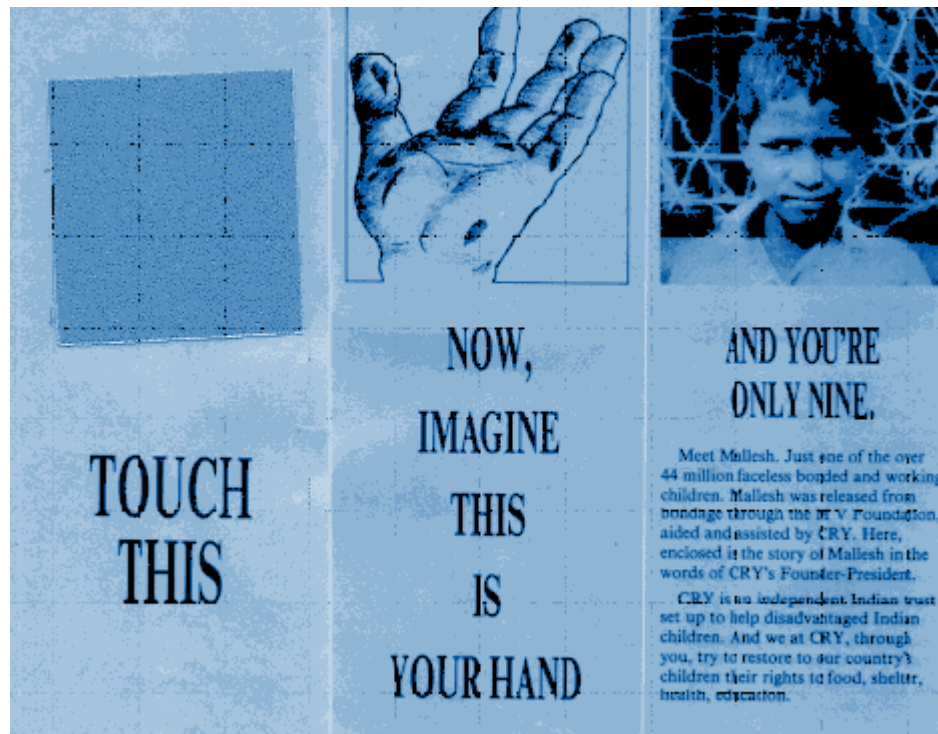
In 1993, CRY began soliciting contributions from individuals through direct mail. Direct mail was not a common approach in India at the time. Through a bilateral agreement between the Government of India and Norway, CRY received technical assistance from the Stromme Memorial Foundation (SMF)—a Norwegian foundation that seeks to increase local fundraising capacity in Africa and Asia—to create a direct mail program relevant to local conditions in India. CRY decided to

try direct mail because it wanted to increase the scale of its child sponsorship program. CRY staff had been soliciting individual donations through visits, especially to businesses. Although this received a good response, it was an expensive way to reach out to people.

The SMF trained CRY staff to design, plan, budget for, execute, monitor and evaluate direct-mail fundraising campaigns. CRY also received assistance in designing its back-office operations and using donation processing software. SMF staff visited CRY regularly to evaluate and assist its efforts.

Direct mail materials were designed by professional agencies, which donated their services at CRY's request. CRY found that many of the companies and organizations that had been providing it with support in the past—such as banks, clubs and airlines—were happy to share their mailing lists.

The following is an example of an insert in one of CRY's direct mail appeals. In large type on the mailing envelope the question is posed: "What does bonded labor feel like?" Inside the envelope are a letter, a return envelope, a donation card, and, on top, a slip of paper upon which is mounted an actual sample of sandpaper and the response to the above question:³⁷



The appeal attempts to make a direct link between the work of the Foundation and the reader. It does this by communicating what CRY does (provides material assistance and professional expertise, its track record is in measurable terms (reaching over 500,000 children in 13 years) and how the reader can get involved (make a contribution).

Cry is supported by you. Because CRY is Child Relief and - and YOU.

CRY supports dedicated individuals who work with underprivileged children. By offering them vital funds to help start new projects, and by funding their existing active projects that have a potential to grow. CRY also provides whenever possible and wherever needed, material assistance as well as professional expertise.

For the past 13 years, CRY has been reaching out to over 500,000 underprivileged children. There are many, many more.

If you can show these children that you care a bit, you can make them feel human again. Not abused, exploited persons, born to be ruled. Enclosed is a donation card. All you have to do is fill out and mail this card to us with your cheque/draft.

You can further help us by adding (on the back of the donation card) the names and addresses of others whom you think would like to extend financial support to us. And you'll discover how a small contribution from you can change someone's future. Make it bright. And sunny.

Note: Donations of Rs. 250 and above are eligible for tax relief under Section 80 G.³⁸

Once an individual has contributed, CRY encourages them to continue donating through regular updates, feedback on its programs and regular appeals. In CRY's experience, the success of this approach is related to building a good mailing list that targets people with an expressed and potential interest in assisting children, as well as regular communications with its supporters. To strengthen and increase its mailing list, CRY also asks contributors for names and addresses of others who would be interested in CRY's programs.

The estimated receipt from direct mail donors for the first year's effort (1993/94) was 4.7 million rupees (about US\$150,000) out of a total of donations from individuals of 17.74 million rupees (about US\$565,000).

Encouraging the participation of individuals can take forms other than soliciting donations. On the back of a form requesting cash contributions, CRY has printed a questionnaire. In addition to names, addresses, and occupations, this form asks for the following information from individuals:

I would like to help children by:

- Selling/acquiring orders for CRY products
- Persuading friends/family members to support CRY schemes
- Acquiring members' lists of associations/organizations/clubs for CRY's use
- Raising financial support from corporate sector/business houses/ housing societies/ associations like _____
- Raising material donations from friends/suppliers for CRY's Materials Bank
- Spreading awareness through media involvement by writing/speaking to journalists/letters to the editor/contacting schools and colleges/ _____
- Providing my skills if CRY needs them writing/designing/photography/computer programming _____

Volunteering my time for CRY Events/Office work

No. of days in a week I can assist _____

No. of hours I can spare in a day _____

At CRY office or from my residence _____

Kind of work I can do for an event:

___ Sell tickets ___ At the venues ___ Run a CRY stall _____

Names and addresses of my friends whom CRY can write to:

39

Volunteers are primarily asked to raise awareness about CRY's work and to solicit donations on its behalf. Volunteers organize small events and collection drives as well.

Public Events

Public events are a lynchpin in CRY's strategy to reach out to individuals. Events serve both CRY's program (raising awareness or highlighting an issue) and resource mobilization (contributions and volunteers) goals. The functions of advocacy, fundraising and education are intermingled, as they are all seen as leading to the same goal—building support for improving the conditions of children. A chronology of major public events from 1979 to 1994 illustrates the scope and type of these events:

- 1979: Buy a Brick, Build a School (Bombay)
- 1981: Circus Magic: three clowns from London stage a traveling workshop for children and raise funds for CRY (Bombay)
- 1983: Children's Day: celebrated Indian artist M.F. Hussain paints in the company of 1,000 children (Bombay)
- 1985: Audio-visual screening of CRY activity for associations and schools (Bombay)
- 1986: School to School program to sensitize affluent children to the needs of the less fortunate (Bombay)
- 1988: Art for CRY: 144 artists donate 180 pieces of work to mark CRY's 10th anniversary; companies support the ensuing exhibit which travels across all CRY regions
- 1993: Bal Sawaal (Bombay): traveling festival of hope held over three weekends
- 1994: Aladdin: premiere showing (in all regions);
- 1995: Art for Cry: 15th anniversary exhibit (Bombay and Delhi)
- 1995: Remembering Rippan [CRY's founder]: a tribute (national)⁴⁰






These special events served the major purpose of involving a broader constituency in CRY's work and raising the level of contributions. The cost of the events and media coverage were sponsored by corporate partners with ticket proceeds coming to CRY. The extensive use of volunteers contributed to the success of the events.

The 1988 Art for Cry exhibit (which marked CRY's tenth anniversary) is a good example. CRY asked the Tata Group of Companies to underwrite the expenses. It then called on the large network of volunteers, professionals and artists to donate their work and time.

From time-to-time, CRY organizes special events which give a larger number of people the chance to participate. In the process, a substantial amount of incremental funds are raised, enabling CRY to extend improved services to more and more children. One such event was "Art for CRY" in August '88—a touring exhibition of the donated works of 140 Indian artists. Accompanying products like posters, an art catalogue and other publications were fully sponsored by corporate contributions, and made with the help of a huge pool of professionals—photographers, printers, designers, paper merchants—as part of their contribution.⁴¹

World Wide Web Solicitations

CRY has a web page at <http://www.cry.org> that it uses primarily to raise awareness about CRY; its annual report and updates on its projects can be downloaded. It also is pioneering the use of the web as a way of making and maintaining contact with potential donors and volunteers. It has not actively started raising funds directly from the web, but it has received a small amount of donations from contributors who reach it through the internet. Donations must still be sent by regular mail. CRY includes a form for contributors to print out and send in with their donation. It also collects their contact information electronically with their pledged donations or offers to volunteer.

site-map feedback home	<p>child relief & you = </p>	
 <p>What you can do</p> <p>- Donation</p>		<p>To send your donation to CRY, kindly take a print out of the duly filled form and <u>fax</u> or mail it to <u>us</u>.</p>
<p>ES, I BELIEVE IN THE FUTURE OF OUR CHILDREN. nd I would like to help by donating for the :</p>		<p>you</p> <p>Art of Giving</p> <p>Thank You</p> <p>What You Can Do</p>
<p>Education</p> <p><input type="checkbox"/> Rs. 600 for a child</p> <p><input type="checkbox"/> Rs. 1800 for 3 children</p> <p><input type="checkbox"/> Rs 3000 for 5 children</p> <p><input type="checkbox"/> Rs. _____ for _____ children</p>		<p> e-mail a card</p> <p> On-line Polling</p>

We accept donations in all currencies.

We need your signature to offer you tax exemption. All donations are 50% tax exempt under section 80G. For 100% tax exemption under section 35AC / 80GGA, please tick option no.1 or specifically ask for the same in your letter when you donate to CRY.

Please note: Tax exemption is valid only in India. If you would like to contribute to CRY from US or anywhere outside India, & want to avail tax exemption, please forward your contribution to CRY Inc.

(<http://www.us.cry.org/>)

Mr. <input type="radio"/>	Ms. <input type="radio"/>
Name	<input type="text"/>
Address	<input type="text"/>
Tel	<input type="text"/>
Fax	<input type="text"/>
E-mail	<input type="text"/>
Organisation	<input type="text"/>

Overseas Funding

As a strategy for raising funding from foreign sources, CRY established a representative branch in the US in 1991. CRY USA offices target primarily nonresident Indians in the US. The headquarters is in Princeton, New Jersey. Being registered as a section 501(c)(3) under US tax code enables CRY to solicit contributions and earn support from contributors who want a US tax deduction.

CRY has offices or volunteer contacts in many US cities: among them, San Francisco, Los Angeles and Atlanta. The offices collect donations and sell CRY products with the help of volunteers (in 1999, CRY USA hired its first full-time employee). Many of them get involved through the network, because they are aware of CRY's activities in India and see it as a way to stay connected. The success of CRY USA arises from its ability to take advantage of this natural constituency in the United States.⁴²

The organization sees itself as more than a US support organization for its Indian parent. It is organized in the same way as its Indian parent and sets aside about 10 percent of what it earns for US projects. From the proceeds of a CRY event in Atlanta, for example, CRY supported a local day shelter for woman and children.

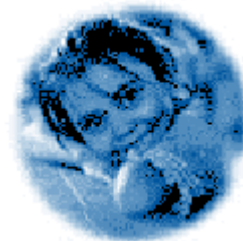
One challenge it faces is to maintain good communications and manage expectations with CRY in India. It has made use of the internet (both email and linked websites) to keep the connection strong. A web-based appeal is shown below. In addition, the Management Committee (eight members in different cities) meets over a conference call once every two weeks.

Fundraising events are sponsored through local chapters. For example, CRY Walk in Atlanta in 1998 raised US\$50,000 and gained the support of local companies. In 1999, CRY plans to expand this event to two new cities—San Francisco and Dallas. Through its website it solicits donations and participation in its events. The website helps it reach a third of its contributors who live in cities where it does not have representatives. Many of these people discovered CRY USA through its website.



Pave-A-Path for a Child's future

- October 02 - Atlanta, GA
- October 10 - SFO Bay Area, CA
- October 10 - Dallas, TX



As of 53 Donors have pledged a total of **\$6705**
Our Goal is to raise by October 15th.

Pledge Your Support Now!

Donate using Credit Card,
Check or Stocks.

[Fliers](#)
[CRY Walk/Run](#)
[CRY home page](#)

Continuing to act on the belief that we can make a difference and help millions of underprivileged children, CRY is organizing a 3K/5K/10K Walk/Run in three major cities in the U.S. This fundraiser seeks to generate funds for child development initiatives, and to raise the awareness about CRY's activities and its involvement in the local community.

Beneficiaries:

Institute of Child Health, Calcutta, India

Local Beneficiaries

- *StreetCats, San Francisco, CA, USA*
- *Atlanta Day Shelter for Women and Children, GA, USA.*

While you may be too far away to actually walk or run, your thoughts, wishes and support are deeply valued. Through the "PAVE A PATH" pledge drive, you have an opportunity to show that you do care.

As a token of appreciation, you will receive a CRY Walk button with a minimum pledge of \$10.00 and a CRY Walk t-shirt with a minimum pledge of \$50.00.

All donations to CRY are tax-deductible under IRS Code Section 501(c)3. ⁴³

In 1998, CRY USA gave US\$200,000 in support to CRY and in 1999 it intends to raise close to US\$700,000, having expanded its presence to a number of new cities. The CRY USA network has grown to 15 centers. Building on its success with the Indian community in the US, CRY in the late 1990s began to extend its reach beyond Americans of Indian origin.

Example 2

Members, Financial Adoption, Volunteers
Abrinq Foundation for Children's Rights (Brazil)

The Abrinq Foundation was started in 1990 in the defense of children's rights in Brazil. Abrinq defines fundraising as one of its main pillars of action. In addition to raising funds for its projects, it sees resource mobilization as an important strategy in creating a bridge between the potential of society and the needs of Brazilian children.

Abrinq's programs in the area of advocacy, communication and its partnerships with child-care organizations generate a large amount of interest on their own, thus contributing to its recognition and support from individuals. An example is the annual award it gives to individuals and organizations who have been especially active or dedicated to children's interests (discussed in Chapter 5). The event serves to strengthen the foundation's network, introduce additional potential sponsors to the foundation and promote the type of action that Abrinq is working to mobilize.

Abrinq has a particular emphasis on involving individuals. Individuals who associate themselves with the Foundation do so through cash and in-kind donations to programs, becoming sustaining members and volunteering their time, skills and labor. Abrinq's website notes a number of ways that an individual can contribute:

- Become a sustaining member
- Give to the endowment
- Adopt the financial needs of a child
- Finance a project

Becoming a Sustaining Member

Abrinq has invited individuals and businesses to become sustaining members as a way to solicit support and expand its constituency. According to Abrinq's Executive Director, Ana Maria Wilhelm, Abrinq has solicited members through direct mail marketing and has now conducted numerous individual campaigns. Revenue from members represented 70% of Abrinq's annual income for institutional maintenance in 1998.⁴⁴ Abrinq has considered responses from around two percent of the total solicitations to be good. On the average Abrinq expects a campaign to last about three months.⁴⁵

One of the challenges to conducting a campaign is to obtain mailing lists of individuals of the right size and profile to make the campaign cost effective. Abrinq generally seeks mailing lists of between 50,000 and 100,000 names but has used some with as many as 500,000 names.⁴⁶ Its strategy is to ask its corporate partners to provide it with their mailing lists. Often working with a particular type of company, Abrinq has focused its efforts on reaching specific professional groups.

In instituting a direct mail campaign, Wilhelm says the following factors are very important to consider:

- The geographic region to be reached
- The level of circulation of money within society
- The economic situation of the country
- Degree of mobilization of civil society on social questions

Abrinq launched its affiliation program in 1991 and by the end of 1998 had over 1200 sustaining members. It has four levels of membership:

- Patrons - minimum R10,000 endowment gift
- Benefactor - minimum R5000 endowment gift
- Honorable Associates - minimum R5000 program gift
- Sustaining Members - Minimum R50 per month

In order to become a Sustaining Member individuals make a commitment to contribute to Abrinq a minimum of R50 monthly (a little less than US\$50 in 1999).

The categories of Patrons and Benefactors were added to accommodate the launch of an endowment-building effort in the 1990s. The following is the text and form used in a direct mail campaign. Abrinq asks for donations and emphasizes the number of children it has benefited and how support has reached them. The form asks for set amounts and gives people two methods of contacting Abrinq—phone and mail. It also asks how an acknowledgement should be made; this facilitates response and helps people who are looking for a tax deduction.

The Abrinq Foundation for the Rights of Children administers more than 20 projects benefiting Brazilian children. In order to reach more children, Abrinq needs more partners. It needs you. With your participation, thousands of children and adolescents will be able to have a better life.

To give you an idea, currently 281,461 children are benefiting from 411 Child Friendly Companies and 112,083 from 34 projects to improve public school financing through the Believe It to See It Program. The Living Library Program has already trained 159 educators and provided 84 children's book collections to 31,365 children. Already the Our Children and Ahead with the Ball projects benefit 11,773 children, The Abrinq Foundation has arranged for 40 toy libraries in various cities of the country that are visited by at least 12,000 children and calls on a network of 65 journalists who work in defense of the rights of children and adolescents. Participate. Help to meet the needs of our children by filling out the coupon or calling 0800 55 1220.

I would like to become a Sustaining Member of the Abrinq Foundation and to contribute to projects that benefit Brazilian children.

Name: _____

Occupation: _____

Name of business: _____

Street or P.O. box address: _____

City: _____ State: _____ Zip code: _____

Business telephone: _____ Home telephone _____

I pledge to contribute monthly:

R\$ 50 R\$ 75 R\$ 100 R\$ 150 R\$200

R\$ 250 R\$ 300 Other amount R\$ _____

Payments should be made through a bank draft sent by mail.

I would like to receive acknowledgment in the name of:

Business

Fiscal person

Date: ____/____/____

Signature: _____

Send this form by mail or fax:

Rua Alberto Faria, 473–Alto de Pinheiros

05459-000–Sao Paulo-SP

Fone/Fax: 0800 55 1220 ⁴⁸

Abrinq maintains a special telephone number through which the caller can reach it free of charge to respond to requests. The toll-free number is a key element in accessing potential contributors. The line is reserved for contributors and potential contributors. Abrinq's three person fundraising staff manages an average of about 60 calls per month over the line.

As Brazilians do not normally send checks or other types of cash payments through the mail, Abrinq asks for contributions to be made through a system of bank drafts, commonly used for making payments in Brazil. At the end of the month, Abrinq submits lists of these slips to its bank, which directly debits the accounts of its contributors.

Financial Adoption

In addition to its ongoing drive for sustaining members, Abrinq's periodic fundraising campaigns at times take on a life of their own. One example, is the Our Children Project, which Abrinq launched in 1992. The idea was to create a capillary system of private social fundraising to assist children in risk situations. Abrinq's role is to identify and select institutions that provide direct assistance to children

(nursery schools, youth centers, and shelters), and then raise funds from companies and individuals to support them. Each monthly contribution finances assistance to a child in these institutions.



Abrinq calls its solution “financial adoption.” Through monthly contributions, individuals and corporations fund assistance for one child. Abrinq manages the contribution and supports selected institutions guaranteeing the full application of the funds raised go to the assistance of children, an increase in the number of children assisted and an improvement in the quality of assistance. In order to ensure that it can directly monitor the funding, Abrinq limited the program to the greater São Paulo area where it has its headquarters. Abrinq set up an advisory board for the project with participation of specialists from UNICEF and Brazilian companies and social institutions.

Two initial partners were crucial in the launching of the program. The W.K. Kellogg Foundation gave a grant for the staff and material costs. The Lew, Lara, Propeg Advertising agency produced a commercial that received wide play on television stations in São Paulo. The commercial showed a business executive who begs for money in a reversal of position with street children. The media campaign started in September 1993 with ads in magazines and newspapers, radio spots and a TV commercial. It achieved high public impact, wide spread recognition for the Abrinq name and stimulated a rapid accumulation of funds.

In addition to the media campaign, the project received the support of the Credicard company, which made its 100,000 person client database available to Abrinq for a direct marketing campaign. An example of a direct mail marketing pitch follows:

If nothing is done now, nothing will change tomorrow.

Since 1993, the Our Children Project of the Abrinq Foundation for the Rights of Childrin, has counted on the participation of companies and persons like you who, through a system of financial adoption, now contribute to an improvement in the lives of many children and adolescents.

The complete transfer of contributions to the child-care institutions has the objective of covering the direct costs of caring for the child (human resources, nutrition, educational material, etc).

Through information and reports you are regularly informed about the activities of the project.

Today 1300 companies and individuals contribute R\$91 monthly to 2388 children and youth who are cared for in 43 social organizations in the metropolitan São Paulo area.

You too should participate.

Collaborate with the Our Children Project⁴⁸

In ten months, the project raised assistance for over 2,000 children, not only meeting its goal for the first year, but raising twice what it had expected to raise in the second year. Over five years (1993-7), it raised in total the equivalent of over US\$6 million.

Abrinq reports back to the contributors to the Our Children Program through semester reports. These reports account for how Abrinq has spent the contributions it receives, thank the donors and encourage them to keep contributing to the program. The introduction to the 8th semester report (January to June 1997) explains:

The story of a mustard seed is known; it is small but it grows into a big plant. The analogy seems appropriate to us as we finish the quarter in the Our Children Project. What was born in June of 1993 as an emergency initiative has been transformed into one of the most successful Brazilian projects for the care of children and adolescents, benefiting today more than 2400 children. And that principally thanks to people like you, our contributors.

Abrinq believes the success of this campaign can be traced to two important factors:

- There are people, corporations and organizations that want to help children and have the resources to do so but do not know how or what to do
- There are child-care institutions with knowledge and experience, needing funds but that do not know how to raise them⁴⁹

Involving Volunteers

Volunteers are fundamental to many of Abrinq's programs and objectives. Abrinq seeks to mobilize Brazilian society behind child rights and development. Volunteers represent not only an important resource in terms of labor and skills but Abrinq sees them as fundamental to encouraging full participation of Brazilian society in improving the condition of its children. Abrinq reaches out to volunteers in almost all its program areas. In some cases, as in the Our Children Project, the extent of participation may not go beyond a monthly contribution, in others, such as the Adopt a Smile Program, the volunteer is the heart of the program. In 1997, Abrinq's count of the people it had involved through its various projects was:

- Adopt a Smile Project—281 dentists
- Our Children Project—1,289 people
- Living Library Project—187 teachers
- Child-Friendly Company Program—902 companies
- Mayors for Children Project—628 mayors
- Ahead with the Ball Project—26 organizations
- Child-Friendly Journalist Project—65 journalists⁵⁰

Volunteers also contribute time and efforts to the development of Abrinq itself. For example, Abrinq's 1997 annual report it thanks three volunteers who assisted it on human resources and legal issues.⁵¹

The Adopt a Smile Project was launched by Abrinq in June of 1997 with 15 dentists and counted over 300 dentists by 1999. The participating dentists pledge to care for the teeth of a child until the child reaches adulthood. In return they are licensed to use the Abrinq Adopt a Smile stamp pictured below. Abrinq developed this program in partnership with DOC (a radiological dentistry company) and a committed dentist (Fábio Bibancos) who wanted to encourage his colleagues to help children. Here is a description of the project:



What is the Project

The project is a movement of dentists to give dental health to children and adolescents cared for by institutions connected to Abrinq. The goal is that each dentist "adopts" the dental treatment of a child or adolescent and receives the stamp "*Adopt a Smile*."

What is the Stamp

Dentists who care for a child or an adolescent will be authorized to use this stamp "*Adopt a Smile*" which shows that they participate in improving the health conditions of children and adolescents in our country. Participating dentists can use this stamp in their practice (for example, on prescription books and in their waiting rooms). This will be a way for us to know:

MY DENTIST CARES.

How to Participate

The dentist should call t (011) 67.2251 and request an enrollment form and orientation details about how the project works.⁵²

Section 5 **Creating a Financial Bridge to the Private Sector**

This section describes several approaches to building a financial bridge between the private sector and community development initiatives.

- | | |
|-----------|---|
| Example 1 | Leveraging Support
<i>Community Development Foundation (Mozambique)</i> |
| Example 2 | Partnerships and Program-Related Collaboration
<i>Abrinq Foundation For Children's Rights (Brazil)</i> |
| Example 3 | A Bridge between Business and Communities
<i>Philippines Business For Social Progress</i> |

Why Do Companies Give?

The short and quick answer is if companies acted in a social vacuum they might not give at all. Economist Milton Friedman cautions the business of businesses is to generate profits, not to solve social and economic problems. Nevertheless, business is a fundamental part of society and does not operate in a vacuum. Profits and the stability of a company are affected by social, economic and environmental factors defining the market and the context in which it operates. The reasons why businesses get involved are as diverse as the types of business. Some resources for learning about corporate philanthropy are listed in the appendices. It may help to have in mind a few general observations about corporate philanthropy around the world:

- Some companies look for ways to link their giving to their business. The cases in this chapter indicate this may be a trend
- Some companies have established independent grantmaking foundations that handle all or a portion of their giving
- Multinational companies, for the most part, do not give at the same level outside of their home countries. Likewise, many companies link their grantmaking to the communities where their employees live or where their markets are concentrated
- Companies can give more than money. They can also give management expertise and services, products, volunteers, publicity and advice
- Beyond asking for donations, joint income earning opportunities. For example, renting the name or logo of a nonprofit to sell a product, can potentially be more lucrative and sustainable in the long run than asking for a cash contribution

How do Foundations Solicit Contributions from Companies?

To involve businesses, grantmaking foundations have conceived of a range of approaches, from soliciting in-kind contributions (e.g., computers or transport) to cause-related marketing and employees' rights campaigns. The three foundations discussed in this chapter have all succeeded in positioning themselves in a strong position in terms of corporate philanthropy or "social investment" in their countries. Mozambique's Foundation for Community Development (FDC) built a reputation as an accountable and credible channel of funding to community development initiatives in its country. The Philippine Business for Social Progress (PBSP), having been started by socially conscious businessmen in the Philippines, is now in its third decade as a membership foundation which has provided a platform for joint action for businesses and has leveraged considerable funding from a base of corporate contributions and membership dues. The Abrinq Foundation for Children's Rights in Brazil also began with the strong input of business leaders. Through its outreach, it has garnered support from a wide base of Brazilian businesses and individuals.

In each of these cases listed above, the foundations offered a broad vision of social impact to companies they sought to involve and have given them concrete opportunities to act. They have also specialized, to a large extent, in being a bridge between business and communities. None of these efforts are merely a one-time approach. They represent a core strategy that brings together business and community leaders to jointly solve problems and strengthen community efforts.

Summary Points

The commitment of a few business leaders and businesses can help raise support and involvement from other businesses. In the case of the foundations in this section, the early involvement of business leaders was an essential element of their success in raising support from businesses. These people attracted other business leaders through their personal contact and each foundation's concrete demonstration of what it would do with the support of businesses. In the case of the FDC, support from a multinational corporation spurred local corporations to give.

A successful approach is clear about what a company gets in return for its support and involvement. Businesses can benefit a, everyone does from a society in which their workers are more educated and live in healthy conditions and consumers have resources with which to buy their products. PBSP makes this relationship of business to society clear in its Statement of Commitment. Beyond corporate responsibility, foundations can offer valued services to companies while meeting their own objectives, i.e., channeling grants to communities that need them, connecting companies to government and NGO leaders and identifying opportunities for companies to showcase their philanthropy. Abrinq offers the use of graphic seals for companies that adopt good social practices. The seals can appeal to consumers of a company's products and help it in its marketing efforts.

The foundation may see its role as a bridge between the needs and interests of civil society and business. The relationship between businesses and civil society organizations is sometimes characterized by a difference of objectives and conflict. Part of the role played by Abrinq and PBSP has been to find solutions where both sectors can win. The foundations are careful to make it clear they offer services to both sectors. They believe that a healthy society values both business and nonprofit contributions.

A professional staff who can relate well to business and nonprofit leaders is a key element to the success of business/foundation collaboration. Both Abrinq and PBSP have recruited highly professional staff and invested in their training to assist them in forging good ties with both their business and nonprofit partners. They have staff members responsible for fundraising, marketing and member services as well as grantmaking and other programs.

Example 1

Leveraging Support

Foundation for Community Development (Mozambique)

The Foundation for Community Development (FDC) had developed local support from the emerging private sector in Mozambique—the country was encouraging the growth of companies and a private sector after a change from socialism in the early 1990s—and was seeking out new private sector partners.

The President of the FDC served on several international boards and had met personally a senior executive of a multinational corporation based in the US with operations in Mozambique. Although the FDC had unsuccessfully approached it in the past, its staff still felt support from the company was possible.

In a personal fundraising letter to a key company executive, FDC's President outlined the foundation's objectives to build a pool of funds for Mozambican communities and the need for partners. The letter names several benefits the company would receive by supporting the FDC: acknowledgment of its efforts and new business connections [condensed]:

Our grantmaking agenda for 1996 is built on a long-term strategy to sustain and increase our impact in Mozambican society by making small targeted grants for community development. In order to carry out this agenda, we will need to build a pool of grantmaking funds. Although we are in the process of building an endowment, the funds are just now being invested. It will take time to grow this seed into significant grant-making money. For the next years, it is therefore crucial to identify strong partners who can join us in supporting community development in Mozambique. I hope [company] will be interested in being a part of this effort.

[Company] is very, very visible in Mozambique and will undoubtedly continue to be that way in the future. I would be delighted if we could play a part in helping the company to expand its social profile here. I think that support for FDC grants can do this both because we will clearly credit the company for its support and we will provide crucial social connections in the region.

FDC's social and economic connections in Mozambique are very extensive. We maintain excellent contacts on the highest levels of industry and government as well as with community and social leaders across the country. Among our partners from the local business sector are the most lucrative businesses in the country: Manica Freight Services Company, EMOSE, Entrepосто, and the new International Bank of Mozambique, which are shareholders through our endowment. Through these connections we hope to help chart the unexplored waters of corporate philanthropy in the country.⁵³

The letter asked for and successfully raised US\$250,000. FDC put the funding to work to build a school and start a girls education program in a northern province of the country that had been one of the most neglected in Mozambique. True to its argument the support from this multinational company would stimulate increased contributions from local companies, FDC was able to leverage immediate support of over US\$500,000 from two local companies that wanted to show Mozambican businesses were equally committed to social investment and responsibility. One company executive, upon learning of the support FDC raised from a multinational corporation, called FDC's President and insisted the FDC consider receiving its support.

Example 2

Partnerships And Program-Related Collaboration

Abrinq Foundation For Children's Rights (Brazil)

The Abrinq Foundation began as an initiative of the Brazilian Association of Toymakers, the acronym from which is the origin of the name. Business people from this industry were concerned about the magnitude of the problems affecting Brazilian Children. They launched a project that became a foundation in 1990.

Since its beginning, the Foundation has focused its actions on mobilizing and generating participation of society, especially convincing companies to comply with Brazil's child labor laws. Abrinq distinguishes its approach from philanthropic charity by operating as a bridge between the potential of society and the needs of Brazilian children. Given its genesis, Abrinq's Board has excellent connections to businesses and many board members are themselves entrepreneurs. It comfortably shares some values with its partners in the private sector, including the use of management instruments such as cost-benefit analysis. Professionals from the traditional fields of social intervention work together with their colleagues in the private sector, such as economists, advertisers, and others with business skills.

Involving Corporations in Campaigns

Building on its strong links with the private sector, Abrinq has developed support and collaboration that go beyond the financial contributions companies make to its programs. It was able to do this because its founders knew how and wanted to reach out to companies.

Oded Grajew, the founder of Abrinq and a member of the Board, was the owner of a toy manufacturing company. He became interested in how he could improve the social and economic conditions of Brazilian children. Grajew was committed to starting an organization that could use private sector resources in the defense and support of children to do something about what he felt was Brazil's comparatively poor record on children. Grajew wanted a foundation that could reach out to business and business professionals to build on the proposition that businesses are also citizens. He felt businesses need a way to be involved. At the same time, he felt Abrinq should promote the idea that society must also see business as a social actor.⁵⁴

The proposition that the business sector would help if it were approached was tested by the Association of Toymakers even before Abrinq was established in 1990. For example, the Association convinced several large companies (including Lojas Americanas, a department store chain; and Fotóptica, a photographic supplies chain) to assist it in 1989 to carry out one of its first campaigns, a photographic contest on children's rights. These private contributions came in the form of advertising, technical advice and other in-kind contributions.

Another key element in Abrinq's efforts is that it put in place a staff of professional fundraisers who help it reach out to and follow up on its contacts. Abrinq's outreach to business has a number of levels:

- *Membership*—Businesses, professionals and individuals can become sustaining members. This approach is discussed in Chapter 4.4, Fundraising from Individuals and the Public
- *Partnerships*—Abrinq enters into limited partnerships with companies. In these partnerships, it gains from reaching a broader audience with its message and increased involvement and contributions. Companies gain from the publicity and association with the Abrinq name, program and logo
- *Program-related Collaboration*—Abrinq works with companies in ways that help to mobilize the corporate sector behind children’s issues in Brazil. Fundraising for Abrinq is not the object of this work. Instead the efforts pay-off more broadly by mobilizing financial and material support for children and promoting better business practice in the area of children. The Child-Friendly Company program below is an example of this

Partnerships

Partnerships usually grow out of discussions between Abrinq’s Board or staff members and business executives. Abrinq’s aggressive communications and marketing efforts bring about considerable opportunities for discussion at conferences, launches and other events.

Partnerships have been established with Unibanco, Sadia, Yázigi, Natura Cosméticas, Tupperware and others. Ligia Fonatanella, fundraising coordinator for Abrinq, says, “The success of our fundraising campaigns was due to the fact that their organizers were business people who were not in the habit of ‘begging’ for contributions.” Example of some of these partnerships are:.

Partnership with Yakult



Yakult, an international foods company known for its trademark yogurt, offered the collaboration of 5000 of their independent sales representatives in a campaign supported by TV commercials, ads in newspapers and thousands of leaflets. The joint campaign raised more than US\$217,000 in donations from over 100,000 individuals.

Partnership with Citibank

In 1995, Abrinq established a partnership with Citibank around the Living Library Project to provide educators with adequate libraries and train educators to work as mediators between children and literature. By 1997, when the project was over, 93 libraries had been opened, 187 educators were trained and over 32,000 children benefited.⁵⁵

The Library that children need is described in a brochure:



Citibank believes it is the responsibility of a private company to contribute in the search for alternatives to the grave social problems of the country. In this sense, we invest in projects that envision the improvement of the quality of life in the communities in which we operate. We consider it a priority, today, to invest in basic education. On account of this, we have joined with the Abrinq Foundation for the Rights of the Child in the Living Library Project. The Abrinq Foundation is a nonprofit entity which seeks to promote the basic rights of the child working through diverse projects to raise their society, especially private enterprises.⁵⁶

Program-related Collaboration: the Child Friendly Company Program

By 1992, Abrinq's attention was increasingly directed to the issue of child labor. Although the Brazilian Constitution and the Children and Youth Statute prohibited the labor of children under the age of fourteen and protected the labor rights of youth, it was still a widespread practice.

By the end of 1992, Abrinq established a partnership with the International Labor Organization to launch a communications campaign. One outcome was a book *Children of Steel: A Photographic Denunciation of Child Labor in Brazil* that documented child exploitation in all regions of Brazil. A guest at the book launching ceremony suggested the adoption of a quality seal for companies not employing child labor. This ceremony was the genesis of the Child-Friendly Company Program which began in 1995 with funds from the Yakult campaign and, from 1997 on, with the financial support of the Safra Bank. The International Labour Organization and UNICEF provided the project with institutional backing.

The program is not a fundraising effort. Its primary purpose is to gain the commitment of Brazilian companies to abide by the country's child labor laws. Through the program, Abrinq asks companies to commit to not employ child labor nor to use suppliers who exploit child labor and to support activities that assist children. By signing this agreement, a company is awarded the right to use the Child Friendly Company Seal. Abrinq developed a guide for companies who participate in the program entitled *How to Make a Better Future* [condensed]:

What is the Child Friendly Company Program?

The Abrinq Foundation for Children's Rights created the Child Friendly Company Program with the objective of stopping the exploitation of child labor, which employs approximately 4 million children under 14 years of age all over Brazil. According to the Brazilian constitution and the Child and Adolescent Statute, this practice is expressly prohibited. To set a good example and participate in this program, contact the ABRINQ Foundation for Children's Rights.

The Advantages of Being a Child Friendly Company

Participating in this program, your company will receive a certificate and can use the Child Friendly Company seal on your products, services, official documents, dissemination materials or public relations campaigns. Just like the ISO 9000 seal, developed by the International Standards Organization, it is synonymous with total quality. The Child Friendly Company seal shows your company collaborates with an important project for our country. And, for the consumer, this seal will make a difference.

Where the Seal Can be Used

On packaging, official stationery, stickers, menus, tags, lighted displays, shopping bags, labels, banners, paper bags, stationery, note pads, tapes, boxes, brochures, announcements, TV ads, billboards, direct mail, posters, displays, institutional videos, shopping carts, diskettes, internet, mouse pads, folders, film containers, books, rubber stamps, gifts, paper towels, napkins, cups, plates, cans, tickets, travel tickets, signs, electric appliances, and many other places.

How to Become a Child Friendly Company

If you are already involved in some activity that benefits children and adolescents, reproduce on official stationery the text of the letter of intent signed by a legal representative and attach proof of your activities. Fill in the registration information in accordance with the sample letter of intent and send it to the Abrinq Foundation for Children's Rights, which will evaluate your submission.

What Does a Child Friendly Company Do?

It does not exploit child labor and it acts to benefit children and adolescents. What follows are some suggestions of activities:

- Adopt a school or public creche
- Build and maintain schools and or creches
- Provide youth with training opportunities
- Participate in setting up municipal funds for Children's Rights
- Invest in activities that complement school work (e.g., sports, culture, artistic education, creation of libraries, etc)

Model for a Contract Between Your Company and the Abrinq Foundation for Children's Rights
Guide for the composition of an agreement letter

1. Use company stationery to reproduce the agreement letter
2. Attach the project(s), program(s), printed articles or whatever publications refer to the actions the company has developed in the area of youth
3. The agreement letter should be signed by a legal representative of the company
4. There is no charge for the Child Friendly Company certificate

5. Model text for composing the agreement letter:
 To the Abrinq Foundation for the Rights of the Child
 We are requesting the “Child Friendly Company” certificate for our involvement in the following activities benefiting children and young Brazilians:

(Use however much space you need.)

We declare here that the intention of our company is to:

- Respect the Statute on the Child and the Adolescent, in Article 60, Chapter V, referring to the work prohibition for children under 14 years old
- Act together with our suppliers, contractors and clients to create awareness about the objective of the Child Friendly Company Program to eliminate child labor, as well as possible ways businesses can improve the quality of life of Brazilian children and youth

[Signature and Date] ⁵⁷

Example 3

Corporate Membership Group
Philippine Business For Social Progress

PBSP grew from the discussions and interest of Philippine business leaders in the 1970s. These leaders conceived of a foundation that would show private business could make a contribution to the progress and well-being of society. Business, they felt, could play a better role as a partner in social and economic development. They set themselves the task of finding a way for business to play this role and to sustain its contributions.

The founders took as a model a Venezuelan organization called the Voluntary Dividend for the Community which had been created by an association of businesses as an instrument for making a collective effort to address social problems in Venezuela. The founders of PBSP enlisted 50 corporations to become members of the fledgling foundation. This entailed signing a pledge committing their companies to contribute at least one percent of pretax earnings to fund PBSP and to support socio-economic development programs. PBSP has grown today into an institution that gives more than 100 million pesos per year (1997 equivalent to more than US\$ 3 million) and represents a coalition of over 172 member companies.⁵⁸

While the establishment of a foundation that would serve as a social development arm of Philippine business was met with some excitement and support, it was not universally embraced. Its critics wanted to know how business planned to contribute to development and if the effort could be sustained. Others felt the Foundation was

just a public relations strategy. PBSP has largely overcome this skepticism by building a track record in both program delivery and fundraising has gained for it an international reputation. It has also expanded its financial base by leveraging additional support from official development assistance agencies, local government and international non-governmental organizations.

The Membership Approach

Building a membership composed of businesses as an approach to strengthening private sector involvement in social and economic development required an investment of time and energy and a commitment to serving these members as a constituency of the foundation. Ernesto D. Garilao, former executive director of PBSP, suggests certain conditions are critical to the creation of a business approach like PBSP: specifically, how the membership is structured, the commitment of founders and recruiting an effective staff:

Setting Out Principles

...there were facilitating factors which made PBSP possible. The first is the commitment of the original founders, the captains of industry, to see through the vision and the organization. These top executives provided the foundation leadership. They assembled the membership, talked to their friends and associates to support the Foundation. They also remained with the Foundation long after its formation.

The second is the membership assembled was in agreement with the Foundation's development agenda, and more important was patient enough not to demand immediate results. In the case of PBSP, the substantive results did not come in until after five years.

The third is given both the commitment of the founders and the support and patience of the membership, the Foundation's management and staff were able to develop a relevant program of work, a track record, institutional credibility, and a solid financial base. These, the Foundation used as leverage to get outside resources.

On the other hand, there are hindering factors which make its replication difficult. The first, is the idea of a collective fund is hard to sell. Many initiatives from other countries have looked at PBSP and found assembling a diverse membership and a collective fund difficult to push. Companies prefer to have control or consent over use of their donations. They also want visibility for their contributions or donations.

The second is the 1% pledge. In the Philippines, many companies have mentioned the 1% pledge is the main stumbling block in considering PBSP membership. In the case of foreign corporations doing business in the Philippines, headquarters' approval has to be secured.⁵⁹

Through their commitment and pledges member companies have both collectively and individually become more involved in their communities. As a benefit, companies receive increased visibility for their efforts and a promise of a positive social impact. The statement of commitment provides a starting point that defines member responsibilities. The statement is reproduced in annual reports and other public documents.

Statement of Commitment
We Believe. . .

First

Private enterprise, by creatively and efficiently utilizing capital, land and labor generates employment opportunities, expands the economic capabilities of our society, and improves the quality of our national life.

Second

The most valuable resource in any country is the person. The higher purpose of private enterprise is to build social and economic conditions which shall promote the development of the person and the well-being of the community.

Third

The growth and vigorous development of private enterprise must be anchored on sound economic and social conditions.

Fourth

Private enterprise must discharge its social responsibility towards society in a way which befits its unique competence. It should involve itself more and more in social development for the total well-being of the nation.

Fifth

Private enterprise is financially and technologically equipped to participate actively in social development. In terms of scientific technology and managerial competence, private enterprise can help provide the total approach for social development in our depressed communities.

Sixth

Private enterprise, together with other sectors of society, shares obligations and responsibilities which it must discharge to the national community. The ultimate objective of private enterprise is to help create and maintain in the Philippines a home worthy of the dignity of the person.

Therefore,

We hereby pledge to set aside out of our company's operating funds, an amount for social development equivalent to one percent of the preceding year's net profit before income taxes, of which twenty percent shall be delivered to, and for management and allocations by, a common social development foundation to be known as *Philippine Business for Social Progress*.⁶⁰

A Steering Committee (composed of the founders) assembled PBSP's membership by calling on friends and associates to join them. Those who joined often said they did so because they believed donations to PBSP contributed to improving the lives of the poor which was, in turn, an effective way to avoid mass discontent and social unrest.

Member companies serve on the Board and Board Committees. In 1997, the Chair was Andres Soriano III, Chief Executive Officer of the San Miguel Corporation, a national company that was active in PBSP's formation. PBSP's President was Luisa Y. Perez-Rubio, head of Pacific Products, Inc. In that year, members were involved in the management and operations of the foundation through fifteen committees and special assignments.

A Membership and Resource Development Committee is responsible for attracting new members to PBSP. In 1997, that Committee was composed of eleven business executives from member companies. Eight of the Committee members also served on PBSP's Board. Committee members held top positions in their companies, including President, Chair, Managing Partner and CEO. The Committee attracts new members through video and oral presentations made by Board members to prospective member companies. Company executives who have joined say that having CEOs of top Philippine corporations speak to them about corporate social responsibility is very effective in making the point. After these membership drives, PBSP's Membership and Corporate Involvement Unit (with seven staff persons in 1997) provides member companies and prospective members with information on ways and means by which companies can adhere to and demonstrate PBSP's development principles.⁶¹ The recruitment effort targets about ten new members from the three main regions of the country.

Membership fell after PBSP's first three years from 150 in 1974 to 120 in 1975. According to Bienvenido Tan (a PBSP founder and former President and Executive Director), corporate members dropped out of PBSP for two reasons: their companies could no longer afford membership or top leadership changed without the commitment being passed on to successors.⁶²

From 1974 to 1989, membership remained within a range of 110 to 130 companies. In 1989, the Board reduced the financial commitment of members. This was a strategy to boost membership and increase compliance of existing members—many of whom were not meeting their commitment to PBSP of 0.6% of profits (out of the total 1% which they promised to commit to social development). Dues were reduced to 0.2% of company profits, with the remaining 0.8% of the commitment to be spent by the company itself for its own social development initiatives. The results were positive. Membership began to rise again until, by 1994, PBSP could boast 174 corporate members. Still, however, PBSP continued to rely on roughly 50% of its contributions from founding members. In order to invigorate its membership, it has focused on creating services that respond to their needs.

Development of an Approach

PBSP has responded to changing attitudes concerning business involvement in social development initiatives throughout the years of its existence. In its *Review of the Past 25 Years: 1971-1995*, PBSP examined some of the lessons it has gleaned from its 25 year experience in promoting corporate involvement. PBSP believes Philippine corporations increasingly want to justify their expenses in terms of corporate benefit and impact in society. Around a quarter of PBSP's members have looked to it for guidance on how to structure their corporate responsibility programs over the last five years. The following excerpts from the review show how PBSP has seen its relations with both member and non-member corporations evolving:

The Development Phase (1971-1975)—The Foundation's resources were limited to corporate contributions and over the first five-year period, member companies contributed 19.2 million pesos. A Board of Trustees and Executive Committee composed of top executives of member

companies provided policy and program directions. Each year a new chairman was elected and in this manner “ownership” of the Foundation was distributed among its members...

The Consolidation Phase (1976-1980)—In the first five years of existence, membership in the Foundation grew from an initial 50 companies to over 170 in number. As the Foundation entered its second five years, however, close to one-third of the membership withdrew. The economic slump caused by the first and second oil shock changed the profit picture of many Philippine companies... Despite the withdrawal of members from the Foundation, the organization was still able to raise P44 million in revenues. In addition, individual corporate executives were tapped to offer specific time-bound technical assistance consultancies to identified projects. While not organized systematically, such technical assistance became the forerunner of a later corporate fellows program managed in the late 1980s...

Institutionalization Phase (1981-1985)—Investment income increased as a share of the overall resource pie while membership income declined... Technical assistance provided by member companies in the previous period was reorganized into the Small Industries Program funded by a World Bank contract. The SIP sought to link companies directly with communities in commercial ventures, not only in providing technical expertise, but more importantly, markets for local products and services... More important in terms of membership involvement was the progressive shift in the involvement at the Board level. In the face of worsening environment for development, the Board constituted for the first time a Strategic Review Committee. Through this mechanism, the Board got directly involved in setting new directions for the Foundation...

Charting New Directions (1986-1990)—From the midst of the crises of 1983-85 came individual company efforts to work directly with communities around their plants. The initial community relations projects organized and assisted by the Foundation’s membership Involvement Program (MIP) were largely welfare in orientation and in response to crisis. As the economy began to turn around, however, more companies began to see value for improved community relations not only in an altruistic manner but equally important in terms of business relations...

The Exploration Phase (1991-1995)—Membership involvement through community relations expanded not only among member companies but also among non-members. In March 1994, 60 companies met in Cebu for the first national conference on Corporate-Community Relations. The learnings presented by 27 of those companies point to a wide body of experience that is now being organized into what hopefully will serve as a new business function within the corporation. In 1992, the Foundation embarked on a new project, the Center for Corporate Citizenship and with this the redefinition of corporate social responsibility into corporate citizenship.

With increased participation at the Board level, there has been a greater sense of ownership of programs by the membership as evidenced by the increase in member country contributions. Compliance has been high and the number of active pledges increased over the period. By the end of the current five-year period, the capital fund of the Foundation will have surpassed its goal of P100 million first set in the early 1980s.

1970-1975	Contributor of funds (giving) contributions ↓	Raised 19.2 million pesos from member
1976-1980	Funds and Individual expertise (technical assistance) ↓	Raised 44 million pesos from member contributions. Launched capital campaign.
1981-1985	Institutional Links (Small Investment Program) ↓	Raised 33 million pesos from member contributions, investment income, government contracts and foreign donors. Board limited percentage of funding that could be raised from "outside sources."
1986-1990	Corporate Involvement (membership involvement, program, community relations) ↓	Raised 214 million pesos from diverse sources. Large increases came on because of increased PBSP board lifted cap on outside funding and channeled increased ODA funding.
1991-1995	Corporate Citizenship	Capital fund tops 100 million pesos. PBSP began to offer services to non-member companies. ⁶³

Services and Programs

PBSP has focused on building services for its members. Some of these services it sees as part of the value it adds for members for their contributions. For other services it charges an additional fee. Increasingly, non-member companies are involved in PBSP activities as well. PBSP assists companies to improve their capacity to work with and support communities and to engage with local environmental and social development activities. The effort extends beyond philanthropy to explore ways in which business can become a better partner in social and economic development efforts:

What happens to the 99% of the company's earnings? If the 99% is spent on business practices which are inconsistent with development like the wanton cutting of trees, polluting the environment or selling the uncontrolled consumption of alcohol, then the 1% becomes "conscience money." PBSP's social development philosophy must permeate the whole company. This is the only way true development can be achieved in the Philippines since it is the private sector which controls the majority of the country's financial resources and not the government.⁶⁴

Activities to encourage corporate citizenship and involvement include special events, best practice case studies, development education and training, corporate fora, professional grant management services and advice in corporate community partnerships. Although PBSP has charged for some of these services, the income has not been significant. The Board continues to discuss the issue of how much PBSP should charge for these services.

Members interact with PBSP in various capacities. They assist in the recruitment of new members. They are involved in PBSP activities and programs—adopting specific programs or communities, joining visits to PBSP projects, attending the

Annual Membership Meeting of PBSP where the Board discusses the accomplishments for the year and plans for the next year, or supporting fundraising activities such as the Golf Tournament and Festival of Trees, discussed below. And they can call on PBSP staff to build their capacity in the area of corporate social responsibility. PBSP helps build and enhance member companies' capacity by offering consultancies, technical assistance and education programs. Examples of such activities include CEO fora on corporate social responsibility, training courses with titles such as "How to Manage a Corporate Giving Program" or "Developing a Community Relations Strategy," and "insight visits" in which companies visit strong community relations programs. The Festival of Trees event, is described by a PBSP staff member as follows:

The Festival of Trees (FOT) is an annual black tie fundraising event started on the occasion of PBSP's 25th year anniversary in 1995. The Board (with the leadership of PBSP President Ma. Luisa Perez-Rubio) conceived the FOT as a means to raise funds for Samar, a resource-poor province with very little business presence, and therefore unable to raise significant corporate funding through traditional means. Likewise, the Board believed the FOT should be different from other fundraising campaigns as a fun event that takes place before Christmas.

The main feature of the FOT is an auction wherein well-known artists in the Philippines are asked to create and donate works of art (e.g., Christmas trees, tabletop decorations, gowns). Attendees bid for these items. Seats at dinner tables are sold to company sponsors and individual donors. The FOT includes ballroom dancing, which is popular among Philippine society's elite, and at the same time raises environmental consciousness among attendees (PBSP prepares a video every year to show the progress made in Samar with proceeds from the FOT).

To make the event successful, PBSP partnered with the Makati Garden Club, a social organization of Manila's elite ladies. The club had "expertise" in organizing this kind of social event and social connections to people who had the means to bid and buy the art pieces.⁶⁵

The two initiatives described below, The Center for Corporate Citizenship and the Science Laboratory Program, have stimulated a strong response from Philippine business:

Center for Corporate Citizenship

The Center for Corporate Citizenship, a special project of PBSP, was started in 1992 to serve as a forum in which chief executive officers and other top corporate executives of both member and non-member companies meet to tackle policy issues on a wide range of topics. Through "consensus groups," the Center enabled business leaders to confront critical social issues in Philippine society and evolve possible solutions to these problems.

Originally, the focus was fourfold—education, environment, countryside development and local governance—but was later honed to an emphasis on education and environment, areas in which business leaders felt they could make a more significant impact.

Through the Center's events, business leaders have discussed and proposed solutions to issues, such as improvement of science and technology education for the country and the cleaning up of Metro Manila's air and river systems. The Center gives the impetus for the organization of these consensus groups and the secretariat to support their activities.

Events started in October 1992, when the Center organized the first series of three breakfast discussions which culminated in mid-1993. In these breakfast meetings, the Center invited experts as resource persons from the government and leading academic institutions to interact with business leaders. In several instances, research studies were supported by the Center to study in detail those issues that emerged.

Adopt a Science Laboratory

The Science Laboratories Program was the result of a research study on the state of science and technology education initiated by the Center in 1992 in cooperation with the government's Department of Education. The study found public high school students in the Philippines lagged behind in standardized science and technology exams because of their lack of access to appropriate science facilities and equipment. Critical concepts in chemistry and physics, for example, were taught by teachers using the blackboard, rather than through actual, hands-on laboratory experiments.

Responding to these findings, the CEO Consensus Group on Education created the Science Laboratories Program as a means to directly address the need to upgrade science and technology education in public high schools. Through the program, companies are asked to adopt a public high school of their choice and provide the financial support to build a science laboratory. Companies often identify public high schools where they have local operations (plants, sales offices, etc.), believing these students will be their future employees as well and therefore seeing a future benefit from investing in them. The program likewise addresses a company's public relations objectives.

PBSP worked with local education specialists at De la Salle University, in the government and in the schools designed a standard laboratory, discussed the needs with principals at various schools and looked for contractors. With each school, PBSP designed a package that was tailored to its needs and often included additional training of teachers in addition to enhancing the infrastructure. Participating companies receive recognition through publicity and having the company name on the laboratory or laboratories it supports. A PBSP document describes the program:

Help strengthen the science curriculum in public high schools by building laboratories for chemistry and physics instruction and providing the necessary equipment.

- Blueprint for laboratories developed by the Engineering Department of De la Salle University
- Equipment list according to Department, Education, Culture and Sports (DECS) standards
- Over a period of two years, science labs in thirteen (13) public high schools have been equipped by corporate sponsors - benefiting in each school more than a thousand students

- Choose a public high school from a list prepared by CCC and DECS or specify a high school of your preference

You can sponsor either

- Laboratory construction (P375,000) or
- Laboratory construction plus Chemistry and Physics lab equipment (P650,000)

Section 6 Working with Official Development Assistance Agencies

This section provides examples of ways in which foundations have worked with official development assistance agencies and governments.

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| Example 1 | A Request for Project Support
<i>Foundation for Community Development (Mozambique)</i> |
| Example 2 | A Sectoral and Geographic Partnership
<i>Esquel Ecuador Foundation</i> |
| Example 3 | Government-to-Government Agreement to Create an Endowment
<i>Foundation for a Sustainable Society (Philippines)</i> |

What Are Official Development Assistance Agencies?

Bilateral official development assistance (ODA) agencies are government agencies set up to channel assistance to other countries—typically this assistance goes directly to the government. The largest agencies come from North America, Europe and Japan. Some examples are the Canadian International Development Agency (CIDA), The Department for International Development (DFID) of the United Kingdom and the Japan International Cooperation Agency (JICA). The European Commission’s ODA agencies are considered bilateral agencies in that they provide assistance to other countries, not to the EC’s members. Sometimes foundations build relations with other agencies of foreign governments, for example with embassy staff who might not work directly for their government’s main ODA agency.

Multilateral ODA agencies are composed of members governments that agree by international treaty or convention to establish them. These agencies have a wide variety of objectives and interests of which development assistance may or may not be one.

Multilateral agencies providing official development assistance include many parts of the United Nations — such as the United Nations Development Programme (UNDP), United Nations Children’s Fund (UNICEF), World Health Organization (WHO) and others. Governance of these institutions follows the principal of one vote per country.

Although technically part of the United Nations System, the World Bank and International Monetary Fund are governed in a different manner than other parts of the UN — according to weighted shares held by member states. They are sometimes called the Bretton Woods institutions or, together with regional development banks (such as the Inter-American Development Bank (IDB), African Development Bank, and Asian Development Bank) the International Financial Institutions (IFIs). While the World Bank and regional development banks provide

loans and technical assistance for development purposes, the IMF is not directly involved in development — rather its purpose is to promote international monetary cooperation.

Why Might These Agencies Support Grantmaking Foundations?

In general, ODA agencies work primarily with governments. A few support or are looking for ways to support civil society and civil society groups. The foundations in this section have convinced one or more of these agencies that working with a local grantmaking foundation is an effective approach to reaching non-governmental actors who share some of the agency's objectives. Agencies may see the foundation as one way to strengthen the democratic processes of a country by empowering voices that might not otherwise be heard. Another reason they might support local grantmaking foundations, as in the case of Foundation for a Sustainable Society, Inc. (FSSI), would be to respond to pressure or advocacy from interest groups in their own countries.

How Can These Agencies Provide Support to Foundations?

Foundations in this section note that bilateral agencies can be flexible in the types of support they give. They do not need to seek the same level of approval from a host government as a multilateral agency. On the other hand because few have clear structures for relating with local civil society organizations, they may impose difficult restrictions, require onerous amounts of paperwork or want to retain partial control of their funding.

Summary Points

The highest levels of an agency must be convinced in principle of the benefits to be gained from working with local foundations. Every development agency has its own rules and procedures for approving support. This will, at times, entail foundation staff and board to respond to questions and concerns of various actors. Both the Foundation for Community Development (FDC) and Esquel made key contacts with higher levels of the agency before developing detailed proposals. This did not guarantee their success but it ensured that they could count on some support from key decision makers.

Factoring in the costs of responding effectively to a government partner can save time and energy. As with other potential income sources, the work does not stop once the funding is raised. Government agencies are structured to relate with other government agencies. There is no reason why their relations with foundations cannot be effective, but planning for the costs associated with evaluation, reporting and maintaining communication will help to build both trust and a lasting relationship.

The support of the national government or national government agencies may be necessary. ODA agencies are an aspect of inter-governmental collaboration. They will, as such, be more likely to support efforts that have the support of the host government and would indeed, be involved with efforts that government does not support at their own risk. Both Esquel and FDC sought to consult with and include the appropriate government agencies.

A smaller effort to begin with can build the case for a larger, multiyear program. Both Esquel and FDC began working with ODA agencies by raising smaller grants for specific project initiatives. They found this experience useful because it enabled them to learn more about working with ODA agencies and established their reputations. In addition, they could identify particular areas that fit easily within the objectives of the agency.

An effort to endow a foundation through a mechanism, such as a debt swap, may go beyond an agency effort to a broader government-to-government agreement. In the case of the FSSI, the Swiss and Philippines government came to a unique agreement on the reduction of the Philippines debt. Both Swiss and Philippine civil society organizations played a major role in pressing for debt relief and shaping the agreement.

Example 1

A Request for Project Support

Foundation for Community Development (Mozambique)

After over twenty years of war, Mozambique's schools, roads and health services were decimated. Government revenues, the majority of which came from overseas assistance, were barely enough to keep the government operating much less support the reconstruction of a country. In 1994, when the Foundation for Community

Development (FDC) was launched, the founders had already begun consulting with several bilateral and multilateral agencies. The founders wanted to help build national civil society organizations that would be partners with government in reconstructing the national infrastructure with the involvement and participation of grassroots communities. Strengthening local expertise and financing, they believed, was a crucial element in making local efforts sustainable.

Many bilateral and multilateral agencies were already supporting non-governmental organizations (NGOs). These tended to be from other countries. In some cases, local NGOs received funding through these NGOs. FDC's approach was to identify particularly strong initiatives for which it could mobilize funding, channel it to these initiatives and ensure the best outcome through monitoring and evaluation.

Matching Support to Need and Potential

During a meeting in 1995, the President of the FDC, Graça Machel, and the Japanese Ambassador (who, working from the Japanese Embassy in Zimbabwe, had Mozambique in addition to several other countries in Southern Africa as part of his portfolio) discussed the Embassy's interest in helping Mozambicans to rebuild after the war. Machel, as a former first lady and Minister of Education, was putting her experience and contacts to work to build the FDC. Her understanding of bilateral assistance agencies and her high profile were key elements in connecting the Foundation to potential funders like the Embassy. After their discussion, the Ambassador encouraged FDC to submit an application for support to the Japan Small-Scale Grant Assistance (SSGA) program.

The Embassy wanted its funding to be used for the “hard costs”—material and labor—of building schools. FDC's primary interest was not the same. It was seeking to support initiatives arising from the community itself that would strengthen development. The challenge was to match the Embassy's support with a community that had similar goals, as part of FDC's objective to strengthen that community's capacity.

FDC began by consulting with the Ministry of Education to determine areas in the country with the greatest immediate need for schools. Although its primary interest was to support community initiative, FDC felt that the government was an important partner because it would assume responsibility for the staffing and maintenance costs of school buildings once they were constructed. The Ministry helped FDC to identify several regions with a high need for schools. FDC, subsequently, chose to focus the program on Lichinga District of Niassa Province because it had already begun developing a relationship with various community leaders there. With the three key partners in agreement, it was ready to make the proposal. The research and consultation leading to this outcome took nine months.

Making the Proposal

As a result of its discussions with the Japanese and potential project partners, FDC asked for US\$79,000 for a one-year school-building project. It drafted the proposal using technical information that was provided by the Ministry and an approach that

was sanctioned by community leaders in Lichinga. The cover page provided summary information on direct beneficiaries, funding period, total project budget, and amount requested:

AGENCY NAME:	Foundation for Community Development (FDC)
PROJECT TITLE:	Primary School Construction in Four Niassa Province Communities
PROJECT LOCATION:	Lichinga District, Niassa Province, Mozambique
DIRECT BENEFICIARIES:	1,200 children per year
FUNDING PERIOD:	12 months after the approval of the project
TOTAL PROJECT BUDGET:	U.S.\$79,980
AMOUNT OF REQUEST:	U.S.\$70,000. ⁶⁶

In the proposal, FDC stressed its intent to collaborate with the Ministry of Education to ensure that the school would be sustainable. The interests of all three partners—the communities, the Government and the FDC—is clarified in the following passage. Having such an explicit statement can assist the potential funder to understand the need for the project and the role that the various partners will play.

The Mozambican government has made it clear that the rehabilitation, construction and amplification of the primary education network in Lichinga District, where the infrastructure was decimated [due to the protracted war] is a high priority. On behalf of the clear demand from the communities, the FDC is seeking partner funds from concerned donors to bolster the government's efforts and speed up the development of the sector in order to allow more children to benefit from educational services.⁶⁷

Beyond establishing the need for educational services in Lichinga, FDC also addressed the “sustainability” of the new schools to be built. Many funders place a high value on sustainability but have a varied understanding of what this is and what it involves. The proposal continues:

At the end of the construction period, the FDC will have no further financial commitment. The schools will be handed over to the communities and local education authorities to be part of the overall education network. Once the project funding is guaranteed, FDC will notify the ministry in order that it can include the recurrent costs of the school in the following year's budget and allocate the necessary teachers and other staff.

Given the government's financial constraints, the beneficiaries will be responsible for the promotion of fund raising activities for the purchase of school supplies (paper, chalk, pens and pencils, etc.) and will pay for school maintenance expenses.

FDC will be responsible for the project funds and these will be transferred to the project according to a plan to be submitted by the Provincial Directorate. All the expenses should be reported within 30 days after the receipt of funds.⁶⁸

A big part of the process was making revisions to the proposal. This is often true in working with government agencies, where a proposal must fit within a number of policies of which the applicant could not be fully aware. Given the different levels

of acceptance usually required, the various staff officers involved at the agency themselves may not know all these policies and objectives. FDC found that it helped to have the acceptance in principle of the agency Ambassador before writing the proposal because it reduced the chance that the proposal would be accepted on the lower levels only to be rejected at the top.

The Embassy responded to the proposal with a series of questions about how the project would be conducted and required the FDC to submit three detailed quotes on material and labor costs. Although onerous, the process of verifying budgeted costs ended up being in FDC's favor. FDC staff discovered that the Ministry of Education figures on which they had based their original budget were considerably lower than the costs of materials and labor at that time. Staff explained this difference to the Embassy and resubmitted a budget for US\$90,000, which was approved.

FDC's Evaluation of the Project Collaboration

Staff at the FDC felt that the Japanese-supported project was successful in meeting its objectives. The schoolrooms were constructed over the next year with good community involvement and are now operating. In addition, it felt that working with the Japanese had been a very important step because its success helped FDC to prove that it could play the role of bridging financing between bilateral agencies and the communities it serves.

On the other hand, it learned that playing this role involves a considerable investment of time that, it felt, would be better spent in raising money for its broader grantmaking program, rather than raising funds on a project-by-project basis. Capitalizing on its success in raising project funding, it began to focus on building relationships with agencies that would be interested in supporting its broader social and economic goals by funding its grantmaking agenda. FDC is now pursuing this approach and it looks like it will meet with some success.

Example 2

A Sectoral and Geographic Partnership

Esquel Ecuador Foundation

Following on a series of negotiations, the Esquel Ecuador Foundation and the Dutch government, through the Dutch Embassy in Ecuador, agreed to collaborate on a broad-based trial program called the Sustainable Human Development Program (SHDP). The SHDP, focused on the southern part of Ecuador, has completed two phases of implementation (1996 and 1997), and a third phase (1999-2003) is under way.

Setting the Stage: Esquel's Evaluation of Its Cooperation with Bilateral Agencies

In the first five years of its existence, Esquel had gained some experience in relating to bilateral and multilateral agencies. Several agencies supported it for specific limited projects and Esquel had shown that it could channel their assistance in a transparent and accountable manner. These projects, although much needed and within Esquel's objectives, had the drawback of having an isolated impact. Esquel began to look for ways it could support a broader program.

Esquel had already been pursuing negotiations with the Dutch government with which, based on earlier discussions, it felt it shared fundamental values and objectives. Esquel's Director of Development, Boris Cornejo, met with Dutch Government officials in the Netherlands in 1990. Based on this contact, Esquel formulated a project, which was, however, never carried out because of internal difficulties in Ecuador, at that time going through elections.

It was three years before discussions began again. The Dutch had appointed a new Ambassador and formulated a new assistance policy for Ecuador. A component of the new approach was to provide assistance to non-governmental organizations and communities in the south of Ecuador through a local or international organization that could act as an intermediary. Several Embassy staff visited Esquel and invited it to submit a proposal to play this role. Esquel was interested for three reasons:

- It hoped to obtain financial resources for executing a human development program with the most needy social sectors, testing strategies of participation with focus on gender and environmental conservation
- It felt that the Dutch assistance program had supported local actors in development programs in a consistent manner
- It felt the Dutch assistance program was respectful of social and cultural contexts and of local decisions. Their strategies coincided in the area of sustainable human development and the priority of working in the southern part of the country⁶⁹

The Embassy managed a fund known as Program Aid that it needed to disburse quickly because of its internal budgeting issues. It requested proposals in 1994 from several NGOs, in addition to Esquel. Working with Esquel was attractive to the Embassy because an internal analysis had suggested that there were no local NGOs in the south of the country that had sufficient capacity to manage its proposed funding. In addition, Esquel's long-term approach for strengthening local organizations and communities offered a strategy that had the potential to increase this local capacity thereby resulting in more local organizations in the future with which the Dutch could work.

Developing the Proposal

Esquel's program and development staff worked together on a proposal for the launch of an assistance program. As part of developing the program, staff met with NGO and community leaders to get comments and to begin soliciting proposals from them. They worked on the key assumption that local counterparts (NGOs and community groups) should be strengthened to be able to implement better projects. In addition to grant support, the program emphasized from the beginning institutional strengthening components (eg. on-going training, strategic planning, proposal writing, fundraising and funds management).⁷⁰

A proposal was submitted to the Embassy in April 1995 to be approved by July 1995. The Embassy sent the proposal to officials in Holland who, then, asked Esquel to clarify its role in relation to its counterpart NGOs, its procedures for the approval of proposals and how it would follow up in the field.⁷¹ Working with

Embassy staff, Esquel made adjustments that answered the issues raised in the Netherlands. The proposal was submitted a second time.

Because of this need for clarification, the proposal was not approved until November 1995. This created some challenges for Esquel in communicating with its local partners, whose expectations had already been raised. Esquel also felt pressured because the Embassy funds had to be disbursed in 1995. Esquel and the Dutch later agreed to implement the program in 1996.

Given the size of the program and the depth of the collaboration over the life of these agreements between the Embassy and Esquel, the written proposal was only one step in the process of negotiation. The process had a number of steps:

1. Esquel began by consulting with local counterparts to design and create a program that would best support their efforts
2. It then submitted a proposal, prepared in accord with its experience
3. The Embassy initiated a written and oral dialogue of questions and answers, working meetings and other contacts that assisted to revise the proposal
4. Through this exchange, agreement on a final program was reached

The result was a pilot one-year SHDP. Later Esquel and the Embassy agreed to a second phase in 1997 and, finally, a five-year (1999-2003) program of collaboration between the Embassy and Esquel.

Components of the Five-Year Proposal

The proposal for this cooperation was written in 1997, but because of the size and breadth of the program, negotiations took over a year to complete and the starting date for the third SDHS was moved to 1999. Esquel built on extensive evaluations of the first two programs and on-going negotiation with the Embassy. Both the Embassy and Esquel agreed that Esquel had managed the first two collaborations in a professional manner and with participatory procedures in developing the program and channeling funding. The Embassy felt however that projects had not been developed strategically enough to have a regional impact. Esquel disagreed with the expectation that one would have the level of regional impact expected by the Embassy in an 18-month period. Subsequently, the third proposal was developed to cover a five-year period and to enable it to have a deeper impact.⁷²

The comprehensive proposal contained the following contents and attachments:

[Sustainable Human Development Program \(SHOs\)](#)

[Third Phase 1998-2000 \[subsequently moved forward one year\]](#)

[Contents](#)

[First Part: Background](#)

[Introduction](#)

[Current Situation](#)

[About the Executing Organization](#)

Second Part: The Program

Definition

Geographic Focus

Target Population

Operative Methodology and General Strategy

General Objectives

Specific Objectives

 Subprogram of Sustainable Development

 Subprogram of Social Development

 Subprogram of Institutional Strengthening

General Lines of Capacity Building

Third Part: Administration, Management, Monitoring and Revision

Administration and Management

Monitoring

Revision

Timelines and Disbursements

Duration and Cost of Program

Budget

Attachments to Proposal

Diagnostic of the southern provinces: Azuay, Cañar, Loja y El Oro

Table of SHDS Projects phase III

Project descriptions SDHS phase III

Executing organizations and institutions that cooperate with the execution of SHDS

Grassroots groups that are part of SHDS

Capacity building lines SHDS phase III

Example 3

Government-to-Government Agreement to Create an Endowment

Foundation for a Sustainable Society, Inc. (Philippines)

“Development requires debt relief” was the proposition that precipitated the coming together of the Swiss NGO community, through the Swiss Coalition of Development Organizations, in 1989 for a campaign on creative debt relief measures aimed at relieving the burdens of partners to the South. This campaign found its way to the Philippines, eventually leading to the formation of the Foundation for a Sustainable Society, Inc. (FSSI) six years later.

The Philippine-Swiss debt project took almost three years to complete. It involved negotiations between Swiss NGOs and their government, between Swiss and Philippine NGOs, between Philippine NGOs and the Philippine government, among Philippine NGOs, and finally, between the Swiss and Philippine governments.

The Philippine Caucus of Development NGO Networks (CODE-NGO) found itself in the middle of a long and arduous process. The initiative came from the Swiss Coalition which requested CODE-NGO to assist in conducting local consultations on the project. CODE-NGO's consultant for the project and the person most responsible for seeing the project through, Neil Walton, was the Philippine Director of HELVETAS (a Swiss Coalition member organization) at the time of the inception of the project. Alfred Gugler, the point person for the project for the Swiss NGOs was a key person whose dedication enabled it to reach its ultimate conclusion.

As a first step, CODE-NGO and its consultant, Eugenio Gonzales (later to become the Executive Director of FSSI), gathered data regarding the Philippine governments existing policies on debt conversion. According to Gonzales, CODE-NGO learned that:

The process of designing the counterpart fund is an example of the participatory approach that Philippine NGOs and POs often advocate in development programs and projects. Although this approach consumes much time and energy, it nevertheless provides a more accurate estimate of the needs, objectives and accompanying systems that may enable the fund to strategically contribute to Philippine development.

When potential users participate in the design process, their experience and knowledge are used to identify what is needed and what is not, what works and what does not, what features in similar funds to emulate and what to avoid; what will make the fund different from other funds; etc. Had a "top-down" approach been used, the fund could have ended up duplicating and competing with other funding programs.

As designed the fund can assist organizations whose needs and capabilities are already outside or beyond the mandate of other funds. The fund can also go into co-financing arrangements or complementary funding with other financing institutions...

As in previous experiences, close coordination between organized NGO constituencies in the donor and recipient countries is crucial to the success of negotiations with governments. There were times when the revisions and delays in the two-year process put the future of the counterpart fund in doubt. In the end, however, both governments recognized and respected the Swiss and Philippine NGO constituencies. The coordinated communication of concern over long delays by the members of the Swiss Coalition of Development Organizations and CODE-NGO in mid-1995 led to a turning point that finally sealed the bilateral agreement governing the debt conversion.

A few heated debates (e.g. on representation, debt swaps, relations with government) between some of the Philippine networks also punctuated the process. These issues, however, were ironed out through careful negotiation along formal and informal channels.⁷³

The agreement between the Swiss and Philippines Governments that established the endowment of FSSI is summarized below. Fundamentally, it sets up measures that satisfy the official parties that the funds will be put to use in accountable manner toward their intended objectives.

Agreement Between The Swiss Confederation and The Republic of the Philippines on the Reduction of External Debt

The Swiss Confederation and the Republic of the Philippines (referred to below as “the Philippine, Switzerland and/or the Contracting Parties”),

Having regard to the friendly relations between the two countries,

Desiring to strengthen these relations,

Recognizing the external debt problem of the Republic of the Philippines and aiming to contribute to the solution of this problem,

Have agreed as follows:

Article 1 - Objective and Means

The objective of this Agreement is to promote the economic and social development of the Republic of the Philippines. This shall be achieved by an external debt reduction (referred to below as “External Debt Reduction”) granted by the Swiss Confederation against the payment by the Philippines of an amount in local currency to a Foundation (referred to below as “the Foundation”) created in the Philippines for a purpose of financing development projects and/or programs (referred to below as “Projects/Programs”).

[The rest of the agreement follows the headings listed below]

Article 2 - External Debt Policy

Article 3 - Eligible External Debt

Article 4 - Conversion of External Debt and Contribution to the Foundation

Article 5 - Utilization of the Amount by the Foundation

Article 6 - Consultations and Inspections

Article 7 - Reporting

Article 8 - Amendments

Article 9 - Entry into Force and Effectiveness

Article 10 - Disputes between Contracting Parties

Article 11 - Authorities

Contribution Arrangement

This CONTRIBUTION ARRANGEMENT (hereinafter referred to as ARRANGEMENT), made and executed by and between:

The Republic of the Philippines, herein represented by the Secretary of the Department of Finance and referred to as the PHILIPPINES.

And

The Swiss Confederation, hereinafter represented by the Federal Office of Foreign Economic Affairs of the Federal Department of Public Economy and the Swiss Development Cooperation of the Federal Department of Foreign Affairs, and referred to as SWITZERLAND.

And

The Foundation for a Sustainable Society, Inc. (FSSI), a non-stock, nonprofit, tax-exempt corporation with donee status organized under and by virtue of the laws of the Republic of the Philippines, herein represented by its Chair and referred to as the FOUNDATION.

Witnesses: That

The PHILIPPINES and SWITZERLAND have entered into an Agreement of the Reduction of External Debt and the Establishment of a Foundation (hereinafter referred to as an AGREEMENT), as of August 11, 1995, By way of this AGREEMENT, the PHILIPPINES and Switzerland have agreed to convert the external debt into a debt in local currency to be paid to the FOUNDATION. The external debt outstanding shall be extinguished in full by this conversion and payment.

In witness thereof, the Contracting Parties agree as follows:

Section 1 Mode of Payment — Payment shall be effected by the PHILIPPINES not later than 30 days after the signature of the AGREEMENT in the following manner:

- The Philippines shall pay 5% (five percent) of the Amount to a market interest bearing local currency account (hereinafter referred to as the “Cash Account”) opened by the Foundation in the name of the Foundation with the Land Bank, acting initially as depository bank (referred to below as “Bank”).
- The Philippines shall deposit the market equivalent of 25% (twenty-five percent) of the Amount in Treasury Bills with a 91-day maturity to a depository account (hereinafter referred to as the “Deposit Account”) opened by the Foundation in the name of the Foundation with the Bank.
- The Philippines shall deposit the market equivalent of 25% (twenty five percent) of the Amount in Treasury Bills with a 182-day maturity to the Deposit Account.
- The Philippines shall deposit the market equivalent of 45% (forty five percent) of the Amount in Treasury Bills with a 364 day maturity to the Deposit Account.

Section 2. Use of the Funds. — The amount of the grant shall be used by the FOUNDATION solely in the following manner:

- (a) The funds, including interests accrued, shall be used exclusively for financing projects and/or programs through either grants or loans for covering the administrative costs of the FOUNDATION and the costs related to the appraisal, monitoring and evaluation of projects and programs, as well as paying for the official bank charges related to the administration of the funds.
- (b) Projects and/or programs funded by the FOUNDATION shall relate to the sector/area of “sustainable production.” This covers productive activities in the field of agriculture and fishery, and in the urban and rural small industries sector. Such activities should be economically sustainable and environmentally sound. It also includes forward and backward linkages, as long as they are directly and essentially linked to and contribute materially to specific ongoing projects.

- (c) Financing for the purpose mentioned in paragraph (b) shall be granted exclusively to projects and/or programs conceptualized, managed and implemented by non-governmental/private organizations or associations, for entities such as people's organizations, and marginalized communities.
- (d) Funding made available by the FOUNDATION shall follow clear and transparent guidelines. These shall be designed and adopted by the FOUNDATION's Board of Trustees not later than 6 (six) weeks after the signing of the AGREEMENT and approved by the Philippines and Switzerland within thirty (30) days after submission. No disbursements for projects or programs shall be made before this approval has been effected.

Section 3. Reporting. — The FOUNDATION shall submit to the PHILIPPINES and SWITZERLAND annual financial and external audit reports as well as annual progress reports on the FOUNDATION's funding activities on or before April 30th each year.

Section 4. Verification of Accounts. — The Philippines and Switzerland are entitled to check the accounts of the FOUNDATION including the utilization of all funds, property and other assets, books, records and other documents relating to the Contribution, and to review the progress achieved in the implementation of the FOUNDATION's activities.

Section 5. Representation of the Governments. — During the first six years of the Foundation, the PHILIPPINES represented by the Department of Finance shall have the right as ex-officio member of the Board of Trustees, but not to vote. SWITZERLAND in its function as observer, has the right to be present at the meetings of the Board of Trustees.

Section 6. Continuation of Rights. — After the first 6 (six) business years of the FOUNDATION, the PHILIPPINES and SWITZERLAND shall jointly assess the performance of the FOUNDATION and decide about the continuation of their rights as provided under Section 3 (Reporting), Section 4 (Verification of Accounts) and Section 5 (Representation of the Governments). The Foundation accepts that the Government of the Philippines represented by the Department of Finance may be ex-officio of the Board of Trustees for the lifetime of the Foundation.

Section 7. Administrative Costs. — The FOUNDATION shall ensure that the level of administrative expenses, including monitoring, reporting and evaluation, on an annual basis does not exceed twenty-five percent (25%) of its total utilization during the taxable year. Likewise the Foundation shall ensure that these expenses are reasonably incurred while keeping all official receipts and related records for such, and shall establish rules on accountability.

Section 8. Revocation. — In the event that the FOUNDATION fails to comply with the conditions and obligations laid down in the ARRANGEMENT, the PHILIPPINES shall have the right, in consultation with SWITZERLAND, to cancel the ARRANGEMENT and to demand repayment of any funds not used and committed by the FOUNDATION, as well as of all assets acquired/arising from proceeds of the transactions envisaged under the ARRANGEMENT, including receivables. These repayments shall be deposited into a Trust Fund, deposition of which shall then be decided jointly by the PHILIPPINES and SWITZERLAND.

Section 9. Acceptance of the Payment. — The FOUNDATION does hereby receive and accept this payment in its favor, subject to the conditions thereof.

Section 10. Perfection and Effectivity. — This ARRANGEMENT shall be perfected upon signature and shall become effective once payment referred to under Section 1 is made.

IN WITNESS WHEREOF, the parties have signed this ARRANGEMENT this 11th day of August 1995 in Manila, Philippines.

[Signatures of the Secretary, Department of Finance, Philippines; Ambassador of Switzerland to the Philippines; and Chair of the Foundation for a Sustainable Society, Inc.]

Section 7 **Generating Earned Income**

This section explores two approaches foundations have used to generate their own resources.

Example 1 Products with a Message
Child Relief And You (India)

Example 2 An Investment Company
Kagiso Trust (South Africa)

What Is the Role of Earned Income?

Not many foundations have yet taken advantage of market approaches to earning income that go beyond investing their endowment corpus. This may be related to the legal framework in some countries that discourages nonprofit organizations from entering into competition with businesses, the lack of access to good opportunities and business skills or a strategic decision on the part of the board. It is increasingly recognized, nonetheless, that earned income from the sale of products, services or intellectual property can be a source of funding and can help expand the base of funding for an organization. Because profits from business activities are not tied to particular programs or the wishes of donors, money can be used at the discretion of the foundation and therefore represents a very desirable stream of income.

On the other hand, making money is a gamble. It requires appropriate skills and talents and is a full-time job in itself. Even then, a foundation must identify an important niche in which it can be competitive. It must be prepared to excel in a business environment. It must invest capital, time and effort into its activities. Success is not guaranteed.

How Do Foundations Earn Income?

The foundations in this section capitalized on something they could do well. They drew on private sector expertise from their network—board, staff and volunteers to launch or gain participation in money-making ventures. Some of the elements of their programs were:

- Capitalizing on staff expertise
- Capitalizing on a market niche or market inefficiency
- Providing a specific benefit or service to members or constituents

They have sought to earn income in ways that would also advance their social agenda. In some countries, a prerequisite for a tax reduction or exemption on

money earned is demonstrating that this is true. In general, when the proposed activity is closer to the organizational mission, it means the foundation will have greater access to the talents, skills and resources it needs to make its venture profitable. It will also be able to better mobilize the support of its constituents if they believe the business will complement the foundation's nonprofit activities. A drawback, however, is that adopting profit-based approaches toward the foundation's mission can divert resources towards activities that are less effective solutions to social problems in order to mobilize new resources.

What Kinds of Earned-Income Activities Are Pursued by Foundations?

The kinds of activities a foundation could pursue are as diverse as the market and legal environment will allow. One obvious activity is a credit program. Some foundations, for example the Foundation for Higher Education in Colombia, see loans and credit as a logical complement to grants because they induce NGO partners to raise additional funds and return funding to be used by other NGOs. The use of credit approaches by foundations is discussed in chapter 3.7. The appendix also lists several resources for those interested in pursuing this topic.

Another obvious way to earn money is to produce and sell a product. Child Relief and You (CRY) produces and sells greeting cards that it believes, in addition to earning money, increase the awareness of the public about the needs of Indian children, its primary objective. The case of the Kagiso Trust is quite different. Kagiso was heavily reliant on a single source of funding, the European Union, which it lost as a donor when it achieved its primary social goal—the abolition of *Apartheid*. It had, however, very good access to human capital that was already in high demand in South Africa. It built on its access to trained and educated black communities to create an investment company that would help create critical black management in the private sector, thereby, moving into a new stage in its work to promote an equitable South Africa.

Summary Points

A successful project does not need to start big. CRY began as a start-up effort of an individual and friends to sell greeting cards to raise money for children's programs. They rapidly built on their successes to raise funds for the organization and grow into a much larger size.

Staff with business skills are a key to success but may be difficult to attract and keep. In the case of both CRY and Kagiso, recruiting and maintaining staff with top business skills was an issue. CRY has continually struggled to keep staff who are lured by higher salaries in the private sector.

The business should have distinct objectives and management. By establishing a separate arm as a for-profit company, Kagiso was able to position itself to compete with other profit companies.

Example 1

Products with a Message
Child Relief And You (India)

How an Idea Grew

Rippan Kapur, an employee of Air India, established Child Relief and You in 1979 with a group of six friends to improve the life of Indian children. Drawing on their own skills and those of others they involved, Kapur and his colleagues began a life-long fundraising effort with an event—Buy a Brick; Build a School—that raised 114,000 rupees for the Shilpalaya Technical Institute. Building on this idea (one of their first cards carried the name of the fundraising event) in 1980, they launched a Cards Division to produce and sell greeting cards as a way of raising resources for and awareness about India's children. Kapur hoped to demonstrate that collective effort among individuals could make a difference and that individual commitment could be a foundation of support for impoverished children.

For its first efforts CRY relied exclusively on donated products and services from artists, paper merchants, professional advertisers and publicists to print and market its cards. Local artist Sanat Surti donated the first two designs. CRY sold over 30,000 cards. Although it had no sales force of its own, it had a clear cause, energetic volunteers and a convincing founder. In 1981, CRY hired its first employee, who worked on the dining room table in the home of Kapur's mother. CRY was able to make and sell cards free of government intervention, except for a short period between 1983 and 1984 when a law was passed prohibiting trusts from running for profit activities. Over the years, CRY has received sales tax and import duty exemptions from both state and national governments.

The early staff members of CRY were not business professionals; they learned on the job. They quickly discovered the need for business and marketing expertise. Many of CRY's employees now have for-profit management expertise or MBA training. Initially retaining these staff members was difficult. Since CRY could not offer competitive salaries, it relied on the extension of the volunteer idea to keep its employees in the organization. Several of CRY's five Trustees come from the commercial sector, including a managing director of an advertising company, an architect/designer, a lawyer and a financial consultant. Likewise CRY's management is a group with a mixed professional background. Many managers have been with CRY for a number of years, some with strong backgrounds in social science, others with marketing experience.

CRY grew to over 200 employees and offices throughout India by 1999. Its Resource Generation Department has a 100-person staff, divided into two areas: Corporate Partnerships, which raises resources from companies and businesses through product sales and donations, and Individual Partnerships, which raises resources from individual donors.

Following the death of Kapur in 1994, CRY shifted its administrative headquarters and Program Support Division from Bombay to Delhi. The CRY product accounts, manufacturing, distribution and stock warehouse all continue to be managed from its office in Bombay. An in-house team of four marketing and sales representatives develop and test new products for its product line. CRY's team of designers solicit donated artwork from artists throughout India. CRY's revenue from its product

sales fluctuates between 20% and 50% of its entire income, the rest being made up primarily by donations and some endowment income.

Up until 1990, CRY specialized in the production of greeting cards and calendars. Following on a demand for more products, over the next decade CRY added telephone and address books, scribble pads, presentation folders, postcards, children's books, mobiles, puzzles and paper toys in addition to several new lines of greeting cards. However, the greeting cards have remained the largest single source of revenue. CRY products are stocked and sold by a network of independent retailers throughout India.

CRY Card and Calendar Sales (1990-95)

unit sales

Year	Cards (Millions)
1990-91	2.95
1991-92	4.20
1992-93	4.7
1993-94	5.2
1994-95	4.2 ⁷⁴

CRY Products

How a free market economy can free...

In the year 1997-98 we raised 5,470,000 rupees through the sale of 5,300,000 cards and other products. And made at least twice that number of people aware (for every product bought and received) that there are millions of Indian children deprived of access to basic education and health care.

In fact, an undercurrent of this awareness is embodied in the very process that goes into the making of a CRY card. The actions of several motivated people link to form the chain of goodwill necessary to bring a CRY card home to you. Production of the CRY card is one job done, letting people know about it is the other. While sponsored advertisements do give a boost to product sales, it is the CRY product catalogue that remains our most persuasive salesperson. Every year our product catalogue helps us raise resources from hundreds of individuals and corporate houses. Effective production and mailing of the catalogue is expensive, which is why we make a concerted effort to get support in this area. In the year 1997-98, HDFC and ICICI made a valuable contribution to our work by sponsoring a total amount of 700,000 rupees that covered the entire costs for printing and mailing the catalogue. A late addition to our catalogue last year were the *Vande Mataram* cards. The design, using an abstract version of the Indian Tricolour painting by Thota Tharani was donated by *Bharat Bala* Productions (the people who filmed A. R. Rahman's *Vande Mataram*.) Giving us the rights to use the same was their way of saluting 50 years of Indian independence.

Other ways that CRY products are marketed are through our committed sales team and retail outlets.

Last year we did the groundwork for what will soon be the latest addition to our retail chain - The CRY Shop at Bombay. As the name conveys, the CRY Shop represents our first attempt to initiate our very own retail outlet. While it will stock CRY products, the shop will primarily be an attempt to market the creative works of NGOs working with underprivileged communities thereby enabling them to generate resources for the people they represent.⁷⁵



CRY's Play and Learn Series for Children (table mats with puzzles or a clock face, mobiles, posters, children's books). The four-fold catalogue, which has a detachable order form listing all the products, was sponsored by four local companies.

The greeting cards catalogue, *CRY Cards Say You Care*, shows colored photographs of all the prints, as well as a desk calendar, a telephone and address book, reproductions of miniatures figures, and a presentation folder for letter papers, envelopes, and cards with envelopes. The 16-page full-color booklet was sponsored by Citibank.

The production and postage of another larger catalogue in 1995 advertising CRY products was supported by the Industrial Development Bank of India. In addition to listing the products, to which have been added scribble pads with decorative covers, post cards, and decorative prints, it devotes a page of thanks and prints the names of all the local people who helped—artists, designers, photographers, private collectors, museums and galleries, art consultants, advertising executives, photographic artists, typesetters, printers, courier services, and so forth.

Managing the growing products industry has been a “process of learning” according to Nomita Abreu, finance coordinator for CRY USA who worked for CRY in India for 11 years before coming to the US. “We learned as we went along,” she recalls.

Beyond the income it earns from the program, CRY also counts two key outcomes from its sales of cards and other items that bear its name and pictures and sayings of emotional appeal. For one thing, the messages appeal to people and raise their awareness about the plight of children and their commitment to do something to make a difference. Beyond this, people learn about CRY and begin to associate it with work on the behalf of children. This recognition can translate into both increased resources and increased capacity to make a difference—as people begin to seek it out. It also means that others will want to be associated with CRY and its name and logo will have a value of their own.

Example 2

An Investment Company
Kagiso Trust (South Africa)

The Kagiso Trust was founded in 1986 with an aim of helping South Africans to overcome a system of institutionalized racism known as *apartheid*. A large percentage of its budget was covered by the European Union, which wanted to provide assistance to South African groups but could not do it through the government. In 1994, when South Africa officially dismantled *Apartheid*, Kagiso began rethinking the role that it would play. Kagiso knew that it would lose its support from the EU as government channels for this assistance were established. Taking advantage of new economic opportunities, Kagiso turned its focus to assisting the newly enfranchised segments of the South African population to develop and reach their full potential. Business and capital were seen as key to this strategy.⁷⁶

An Investment Business

Beginning around 1990, Kagiso was approached by many business people for assistance in bringing formerly disenfranchised people into business management. Kagiso provided these companies with free advice and helped them to build promising black management. It was successful enough at playing this role that it began to consider the idea of setting up a for-profit business consultancy. At the end of 1993, the trustees acted on this idea by creating the Kagiso Trust Investment Company (KTI), a company that would try to realize the potential of the black business community through participation in joint ventures. KTI was established as a fully commercial entity, managed on a professional basis. KTI describes itself thus:

KTI was born of a vision by the trustees of Kagiso Trust to create a vehicle that would identify and harness business opportunities to participate in joint ventures with suitable local and international investors.⁷⁷

In order to raise the capital they needed for their first investment, the founders took their idea to an American bank after local banks were not helpful. The bank was interested because it felt the founders had established their credibility in managing Kagiso Trust. In addition the bank believed the black empowerment approach would be a successful investment over the long term. It evaluated a loan on strictly commercial terms, finally approving it because it was convinced that the first planned investment was a well-run, ongoing insurance company listed on the stock exchange. Since the company was already serving the black community, the bank felt it was a good candidate for KTI's approach.

This loan, together with a modest investment from Kagiso Trust, provided the start-up capital for the investment company. The terms of the loan were such that KTI would have a number of years to invest the money before it would need to pay it back. In the end, the acquisition was successful enough that KTI was able to pre-pay the loan.

While the KTI operates as a commercial entity, it aims to secure dividends that will be channeled to Kagiso Trust to benefit disadvantaged communities.

A KTI brochure states:

Our objective is to ultimately generate sufficient dividend flow to provide Kagiso Trust with some measure of self-sufficiency, thus enabling the Trust to sustain its investment in development projects targeted at uplifting disadvantaged communities.⁷⁸

KTI's Trustees are both business people and development practitioners. It is managed as a separate entity from the Kagiso Trust, although the two maintain good connections and share joint trustees. In terms of seeking to add value, "change management" is a major factor for KTI. It seeks to invest in companies where it is able to positively influence the organization's outlook.

The CEO, Eric Molobi, says, "The key to the potential growth of our economy lies in the formation of independent businesses run by blacks, but also in partnerships and other forms of cooperation with established businesses."⁷⁹ KTI seeks to invest in companies with sound management that recognize that the introduction of new, black colleagues will be mutually beneficial. Black managers are afforded opportunities denied them in the past and new doors are opened for the company to markets previously ignored by or closed to them.

KTI seeks an active role in managing its investments, but prefers to sit in constellations where it knows that its expertise will complement that of other players. It also seeks to involve banks and management in the investment, seeing this as a way of guaranteeing good returns. An ability to enter into mutually beneficial partnerships with other companies has been one of KTI's strengths from the beginning. By 1998, KTI had significant holdings in a number of companies, including:

- Kagiso Media Limited (40%)
- Kagiso Khulani Supervision Food Services (20%)
- Kagiso Financial Services (42%)
- Kagiso Ventures Limited (100%)⁸⁰

Because the Board of the Kagiso Trust felt that it was imperative to reinvest earnings in the company to allow it to grow and become successful, it decided that Kagiso should not draw from KTI's earnings as support in the early years of the company. While its investment in KTI has grown, Kagiso must still rely on other income sources for the present, including earnings from a national lottery and fundraising efforts.

Kagiso Financial Services

Given the recognition of its name and the reputation of its board—all of whom have a strong social record—KTI has been able to broker a number of deals that have translated into formidable business partnerships. For example, it created Kagiso Financial Services as a joint venture with UK merchant bank NM

Rothschild. The Kagiso Trust is an equal partner with the Rothschild Group in the deal (each own 42.2% of the company).

KFS brings together the local knowledge of Kagiso Trust, the global reach of the Rothschild investment banking group and the domestic and international equity distribution capability of ABN AMRO Securities (SA) (PTY) Ltd.

...

Accordingly KFS is able to combine domestic and international knowledge and expertise to provide innovative advice and execution and to tailor transaction structures to meet specific needs of our South African clients, whether domestically or internationally.⁸¹

The services of the financial company build on both the international reputation and expertise of Rothschild, which operates in 27 countries and is the 8th largest stockbroker on the Johannesburg market,⁸² and on the strong local name and networks of the Kagiso Trust. The services it provides are:

- Full access to the Rothschild and ABN AMRO Rothschild international network
- Professional and dedicated investment banking services in South Africa with a proven track record in applying the latest international techniques to domestic and cross-border transactions
- Knowledge of the South and Southern African markets, in addition to full exposure to all international money-market centers
- A professional advisor that fully reflects the spirit and professionalism of the new South and southern Africa⁸³

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5

Communications and Outreach

This chapter explores the different approaches foundations take in communications and outreach.

- | | |
|-----------|--|
| Example 1 | A Communications Plan
<i>Esquel Ecuador Foundation</i> |
| Example 2 | Activity Reports, Brochures and Events that Link to Business
<i>Philippine Business For Social Progress</i> |
| Example 3 | Activity Reports and Publications for Community Partners
<i>Social Change Assistance Trust (South Africa)</i> |
| Example 4 | Awareness-Raising Material, Articles and Events
<i>Abrinq Foundation For Children's Rights (Brazil)</i> |

What is a Communications Plan?

A Communications Plan is the way in which a foundation, through a variety of communications materials, makes known its objectives and programs to influence action or build support. Some communications materials are:

- Activity reports are records of what the foundation has done. Annual reports—published on a yearly basis—are common
- Financial reports are records of how the foundation spends its money. Audited reports have been reviewed by an external auditor
- Brochures generally give basic information on what the foundation is doing and how to contact it
- Guidelines for grant seekers communicate application procedures and a foundation's specific restrictions and priorities on grants it can make
- News and opinion articles may be placed in local media to influence public opinion and support

Why Do Foundations Want to Communicate?

Communications materials are often produced to project the foundation's image, to raise funding or to increase the foundation's impact on a social or economic issue.

- **Project an image:** For example, a foundation may publish an annual report as one method of telling the public what it has done.
- **Raise funding:** Many foundations draw a strong connection between raising funding and being able to communicate what they are doing.
- **Increase impact:** A foundation may use its communications as a way of opening public dialogue or focusing attention on a social or economic issue. In this way, communications become part of the foundation's program.

With Whom Do Foundations Want to Communicate?

The four foundations highlighted in this chapter seek to communicate with recipients of their grant support, their financial supporters and the general public. Philippine Business for Social Progress and the Abrinq Foundation both have success in reaching businesses, the Esquel Ecuador Foundation (FEE) promotes a strong non-profit sector in Ecuador and the Social Change Assistance Trust (Scat) focuses on building shared values and understanding with the community groups it supports.

Summary Points

An evaluation of communications efforts can provide a useful platform to strengthen and think strategically about these efforts. In the early stages of institutional development, it is often a challenge to find the financial and human resources to launch a significant communications effort. Over time, however, the foundation will likely find that it becomes more critical to its credibility to invest in its communications. FEE started a process of refining and deepening its communications efforts by conducting an evaluation.

Visual communications— graphics, videos and events— can help to reach a broader audience and translate to many constituents. In addition to choosing strategic media to reach their rural grantees all over South Africa, Scat communications speak in a number of South Africa's local languages.

Recognizing excellent accomplishments and publicizing them encourages others to follow suit. The Abrinq Foundation's annual awards ceremony gives recognition to the efforts that it wants to support and promote. This social recognition creates a credibility for these efforts and builds awareness.

Publishing the comments and perceptions of constituents outside of the foundation can be an effective way to demonstrate accountability. PBSP, for instance, includes the report of an external program evaluator in its annual report. FEE tells its story in the voice of rural villagers and social activists throughout Ecuador. Beyond verifying that the foundations are indeed living up to their claims, this method of exposition can make for engaging reading.

Example 1

A Communications Plan
Esquel Ecuador Foundation

The communications efforts of FEE focus on building public appreciation for local non-governmental organizations and promoting a healthy non-profit sector. Its products aim to reach its constituency (primarily national non-governmental organizations (NGOs) and community-based organizations (CBOs)), strengthen relationships with international partners and donors and influence policy and public opinion through the mass media. Esquel produces an annual report of its activities, submits weekly opinion articles to a national newspaper and publishes a quarterly newsletter called *Esquela*. Regular staff attendance at conferences and seminars, and exchange visits are a link with foreign NGOs and donors.

Esquel has a communications officer charged with coordinating these efforts/producing many of its communications materials in Spanish and English. Spanish is essential for reaching its national audience. English reaches a wider international audience that includes donors, potential donors and partner organizations.

Evaluating the Need

In 1997, when Esquel was seven years old, it retained an independent communications firm to evaluate its communications efforts. The evaluation focused on “internal” communications—the flow of dialogue and information among the staff and board—and “external” communications—communicating with the public, donors and grantees. As a result of the evaluation, Esquel decided to improve its communications efforts by making its objectives more explicit and drafting a communications plan. An excerpt from this evaluation follows:

PROBLEMS FOUND:

INTERNAL COMMUNICATIONS

- Efforts often isolated
- Not enough internal information exchange

EXTERNAL COMMUNICATIONS

- Lack of planning
- Lack of a clear communications strategy
- Lack of coherence in the institutional image
- Lack of clear communications objectives

SOLUTIONS PROPOSED:

INTERNAL COMMUNICATIONS

- Publication of an internal bulletin
- Weekly meeting of each department

EXTERNAL COMMUNICATION

- Prepare and implement a communications plan
- Create a communications committee
- Design a corporate image
- Create a media plan
- Develop new communication tools¹

The Nine Tools of the Communications Plan

Esquel drafted a communications plan in 1998 following the recommendations of the evaluation. The plan identifies objectives for seven target audiences described below. Through the plan, Esquel wanted to strengthen relations with the media, redesign its corporate identity, and produce periodic communications materials for the media, NGOs, Embassies and international cooperation organizations. It sought to build a communications component in each of its projects. For example, to strengthen a grantee, the foundation might support the production of a newsletter that would inform the community and others about NGO and CBO activities. Nine “tools” are proposed for accomplishing these objectives. The plan is summarized below:

COMMUNICATIONS PLAN 1998

General Objective

Project to the national and international community an image of Esquel as a trustworthy, efficient, pluralistic and modern organization that is dedicated to the noblest causes that support development of vulnerable groups through a national network.

Specific Objectives

[one or two objectives for each target audience is given. As an example, the plan lists as many as six objectives for each.]

General Population

- Disseminate Esquel’s work so as to maintain a positive institutional image

Private Sector

- Strengthen the image of Esquel as a credible leader in the promotion of social responsibility

NGOs

- Establish Esquel as a point of reference for NGO’s institutional development (e.g. efficiency in administrative management, technical assistance)
- Minimize the image of Esquel as just a financing institution

Government

- Reinforce the image of NGOs as institutions that work toward the development of the country and do not try to replace the government’s work
- Encourage the channeling of international resources through civil society organizations

International Institutions

- Spread the image of Esquel as a trustworthy and efficient partner

Local donors

- Promote the practice of social responsibility

Direct Beneficiaries

- Reinforce the image of Esquel as a partner institution that supports sustainable projects
- Transmit the idea that Esquel is an organization that demands accountability from its beneficiaries

TOOLS USED TO IMPLEMENT THE COMMUNICATIONS PLAN

The Annual Report

The Annual Report is a useful information piece because it is distributed to a diverse range of audiences. The report will aim to interest people in finding out about Esquel's activities. Every chapter will start with a story from one community project. In this way, the report will have a human face.

Public Relations Program

The public relations program will be the most important tool of communication because it will be the axis of all communications actions. ...

Informational Folder

Esquel will produce a folder with basic institutional information to be distributed to interested parties. This folder will contain the institutional brochure, program brochures and the annual report.

An Institutional Video

A short video of seven or eight minutes about Esquel and what it does will be used in different circumstances with various sectors with whom Esquel communicates. The cost of the video is high but it lasts four or five years and is easy to handle.

The Use of Physical Space

The Esquel office is a space for communicating with all visitors. Good photos of projects and a specific place to display promotional materials can often communicate more effectively about Esquel than an oral explanation.

Esquela [Newsletter]

Esquela's purpose is to become ... an open space for civil society and also inform about the work of Esquel. Esquela has interviews, stories and opinions about issues of national interest.

Esquelita [Internal Bulletin]

Esquelita is a new internal bulletin that gives Esquel staff an internal communications mechanism that will inform them of the activities of Esquel. At the same time it is an open space for them to express their ideas.

Info Esquel

An internal bulletin for Esquel's board members to inform them about Esquel's activities every month and to increase their commitment to the institution.

The Website

... The purpose of the Website is to inform the national and international community in an interesting way about Esquel's current activities. [Esquel's website address is <http://www.esquel.org.ec>]²

Esquel saw each of these tools as discrete areas of activity that it would use to strengthen its image and disseminate information about the activities of its partners and itself. Four of the specific tools are discussed in greater depth below: the annual report, the public relations program, informational material and the newsletter.

Annual Report

Esquel's annual reports contain comprehensive information on its activities and audited financial information. Its objective in producing the report is to promote the image of Esquel as transparent—the organization makes information on itself accessible to the public—and accountable—the organization accounts satisfactory to its donors and the general public for the use of resources.

The following index to the 1997 report of activities shows that Esquel has chosen to include in its report information on programs and strategies, short essays on mission-related issues, full financial reports and auditor's reports and basic information about the Foundation.



Contents

- Strategic Institutional Activities
- Letter from the Presidents
- International Partners of Esquel
- And Citizens Break the Silence [context of Esquel's work in the year]
- Esquel's Programs
- Esquel's Finances
- The Esquel Team
- Annexes³

The 1991-1992 annual report contained an introductory section entitled “Our Voices” that reported the foundation’s activities through the words of the people and organizations it supports and with whom it works. The quotes give the report a personal tone. Esquel has continued to incorporate quotes in its subsequent annual reports. An excerpt from the 1991-1992 report follows:

Carmen Romero

I belong to the “Casitas del Guasmo” organization [an organization based in the community of Guasmo, Ecuador] and I am also a researcher. I believe that the contributions that the Esquel Foundation has made to the Guasmo sector of Guayaquil have been very beneficial and have helped the area’s social development. Thanks to these projects people have learned new ways to survive, to learn and to organize. Here in Guasmo we need to educate the population for survival.⁴

Tools: Public Relations Program

According to Diego Cornejo, former Esquel Communications Coordinator and current Editor of the daily newspaper *Hoy*, it is difficult to get good news about NGOs or citizen groups into mainstream media. “In Ecuador,” he says, “news revolves exclusively around governmental activities, around those who make or break political figures, or around economic matters. Thus, organizations like Esquel have to work at getting space in newspapers, on radio, in magazines, on TV stations, so that the significance and magnitude of their activities will be recognized by the public.”⁵ In order to increase media coverage, Esquel has included public relations as a key part of its communications effort. Esquel’s communications officer reports:

...the media is an important communication channel to share Esquel’s work with the general population and to consistently reinforce our credibility and image in society. To create a closer relationship with the media, Esquel has the following strategies.

Press bulletins

Working with ODISEA [a local communications consulting firm], Esquel sends press releases to the main national newspapers with precise information on events in which Esquel is involved. From the middle of 1997 until mid 1998, information about Esquel appeared in the newspapers more than 100 times.

Relations with the media for covering events

Part of ODISEA’s job is to maintain strong relations between Esquel and the media. Since 1997, all major Esquel events have been covered by the press and the television stations. For example, the International Conference for Social Responsibility held in June 1997 was covered by all major newspapers (more than 30 articles) and the major TV stations. . . .

Established relationships for specific issues

Esquel established a permanent relationship with the main economic/business magazine published in Ecuador, *Gestión*, in order to promote the issue of Social Responsibility. The magazine is read by the target audience for that program, the business leaders of the country. In November 1997, *Gestión* created a regular section in its monthly magazine for issues related to social responsibility. Esquel determines the content for each monthly article and coordinates in writing the article with the magazine.

An important factor for our success with the media are the personal relationships we have established with key players in major newspapers and television. For example, the General Manager of the *Hoy* newspaper in Quito is a member of Esquel's board, and a key columnist for a newspaper in Guayaquil is also on the board.

Ongoing relationships with the media were especially useful in early 1998. Several NGOs in Ecuador were involved in scandals related to mismanagement of donations. This prompted the board of Esquel to take the uncommon step of publishing the Foundation's audited financial statements in the donated space of major newspapers. The space was donated by one of the newspapers. Esquel believes this action was an important step in communicating its commitment to transparency and accountability, and challenging other NGOs to do the same.

Esquela

No. 2
Nueva Temporada
Segundo trimestre 1998

Organo informativo trimestral de la Fundación Esquel-Ecuador

Editorial

Nos encontramos a las puertas de elegir un nuevo gobierno que dirija los destinos del país durante los próximos cuatro años. Sin duda, éste es uno de los períodos más difíciles que está viviendo nuestra sociedad. La pobreza, que tradicionalmente ha afectado a la mayoría de los ecuatorianos, se ha visto agravada por las secuelas del fenómeno de El Niño, en un marco de deterioro de la situación de la macroeconomía y de los cada vez mayores problemas de gobernabilidad.

La necesidad de respuestas prácticas, eficientes y equitativas a tales problemas, demanda del concurso de toda la sociedad; es una tarea de todos y para todos y no puede, ni conviene, dejársela exclusivamente al nuevo gobierno.

En el contexto de una campaña electoral caracterizada por la apatía y, sobre todo, por la ausencia de propuestas integradas y coherentes de los candidatos, la construcción de una agenda para salir de la crisis y transitar a un nuevo desarrollo es quizá un elemento central, que permitirá convocar la participación de amplios sectores ciudadanos con nuevas propuestas, convenir en cuáles son las prioridades nacionales y establecer formas de acción concreta.

Hay mucho que hacer, pero si iniciamos el camino con la plena incorporación de quienes hasta ahora han sido sujetos pasivos del devenir nacional, seguramente estaremos sentando algunos pilares fundamentales o, al menos, sabremos a qué puerto queremos arribar luego de salir del naufragio. ■

Un nuevo reto ciudadano:

El respeto a la diferencia ⁽¹⁾

i Por qué es tan difícil llegar a consensos en el Ecuador? ¿Por qué los acuerdos duran tan poco y la participación se diluye a la hora de actuar?

Recientemente, la Asamblea Nacional exigió al país un fuerte ejercicio de reflexión. Sin embargo, no fue posible evitar que el diálogo se empantane a la hora de decidir sobre temas polémicos: pluriculturalidad, áreas estratégicas del Estado y seguridad social.

Durante los últimos meses han sido varias las experiencias de participación y propuestas frente al Ecuador dividido, y a veces ingobernable, que han surgido por el esfuerzo de muchas instituciones nacionales e internacionales

Pase a la página 4



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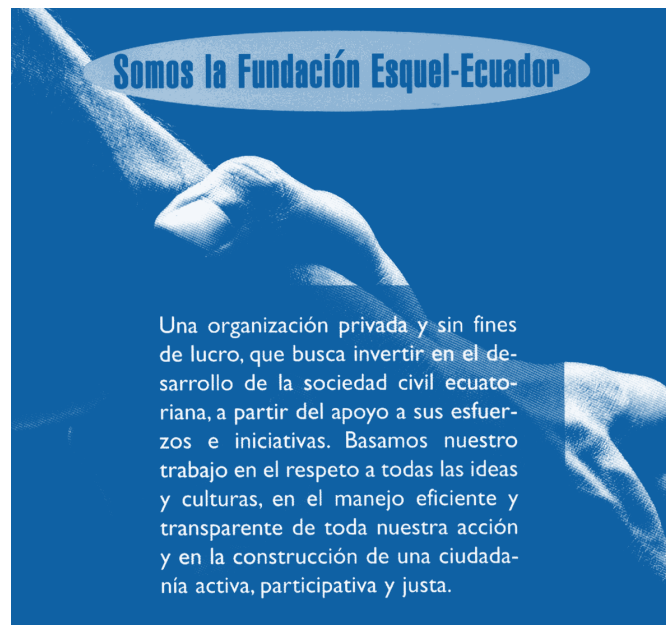
• Noticias

Nuevos proyectos se ponen en marcha.

Informational Folder

Esquel has used mottos and expressions in its brochures that become identified with its mission. A 1991 slogan, “A Partnership for Development,” helped to launch the Foundation and communicate with potential supporters.

Esquel periodically revises its brochure and is identified with the symbol of clasped hands. A 1998 brochure begins with the declarative, “We are the Esquel-Ecuador Foundation.” A brief description of the Foundation is prominently featured on the cover.



We are the Esquel-Ecuador Foundation

A private, non-profit organization that seeks to intervene in the development of Ecuadorian civil society, in order to support its efforts and initiatives. We base our work on the respect of all ideas and cultures, in the efficient and transparent operating manner of all our action and in the construction of an active, participatory and just citizenry. [Translation]

The brochure’s five sections answer basic questions about Esquel: What Do We Do?, Our Programs, Who Are We?, Our Assets, How Do We Work? The language of the brochure is concise and the design is uncluttered.

Esquel’s case illustrates that the way a foundation communicates its objectives evolves over time, reflecting internal changes and the social, economic and political context in which it must work. In Esquel’s first brochure (1993) seven objectives were listed. The 1996 brochure lists the following four objectives.

Objectives

- Strengthen The Community: By supporting their initiatives, strengthen their capacity for self management
- Foster Integrated Development: For children and youth, so they can confront the challenges posed by the current national situation
- Stimulate the Creation of a Culture of Solidarity: In favor of modern, dynamic, sustainable and equitable development
- Contribute to the Development of Citizenship: Through the generation of consensus and the support of permanent reflection around national problems⁷

The section from the brochure entitled “Our Strategies” gives a short description of six specific program strategies (here summarized for brevity). By publicizing strategies, Esquel tells the public how it will accomplish its objectives.

Our Strategies

We support the development of groups of poor people and initiatives that give preference to the participation of children and youth, women, rural farmers and indigenous people through the following strategies:

- Program for Children and Youth
- PROCESO, community program for economic and social development
- Funds for the support of community management
- Citizens Forum and Youth Forum
- Strengthening civil society organizations
- Strengthening philanthropy⁸

Newsletter

Since 1992, Esquel published an eight page newsletter four or five times a year called *Esquela*. In 1998, Esquel launched a new edition of *Esquela* describing the objectives as:

We intend to construct a space in which we will gather opinions and offer up-to-date information on the projects we support. We will provide tangible evidence from the people and organizations that work in alternative development for the country and, certainly, we will give our point of view on aspects relevant to the national situation.⁹

An outline of the second trimester 1998 issue illustrates how Esquel includes information about the organization itself, articles on its initiatives, and news and discussion about issues in which Esquel is involved:

Central Theme: A new citizen challenge: a respect for difference?

Interview: Ludy Caicedo [an 18-year old youth activist] seeks spaces for expression.

Notices

- Children and youth opinions on corruption
- Start of the phase of the sustainable human development program
- New projects are implemented

Report: A project that supports the women vendors of Loja and Catamayo¹⁰

Example 2 Reports, Brochures And Events That Link To Business
Philippine Business For Social Progress

In 1970, business leaders in the Philippines started Philippine Business for Social Progress (PBSP) to address imbalances in Philippine's society that they believed contributed to social tensions. Given PBSP's origins to serve the interests of corporate philanthropists and to support social development, its communications efforts needed to fit will and build on the corporate reputation of its company members. Once PBSP gained stature and credibility through its projects and programs, membership in PBSP added value to a company's reputation by highlighting the community involvement of the company, its executives and employees as well.

Reports of Activities

Like the Esquel Foundation, PBSP produces a report of activities on an annual basis. The 1997 Annual Report begins with PBSP's Statement of Commitment—a signed series of principles and beliefs of member companies. Names of its over 150 member companies are listed on the next pages.

Many elements of PBSP's 1997 Annual Report are commonly found in Foundation reports: including personal messages from the Foundation's leadership, program discussions, audited financial reports and basic information on the staff and organizational mission. The report highlights the work of PBSP and its corporate members. It contains the following sections:

- Statement of Commitment
- Chairman's Message
- President's Review
- Corporate Citizens in Action
- Giving PBSP a Face and a Heart
- Treasurer's Report
- Auditor's Report
- External Program Review
- Management Statement
- Foundation Officers
- Foundation Staff¹¹

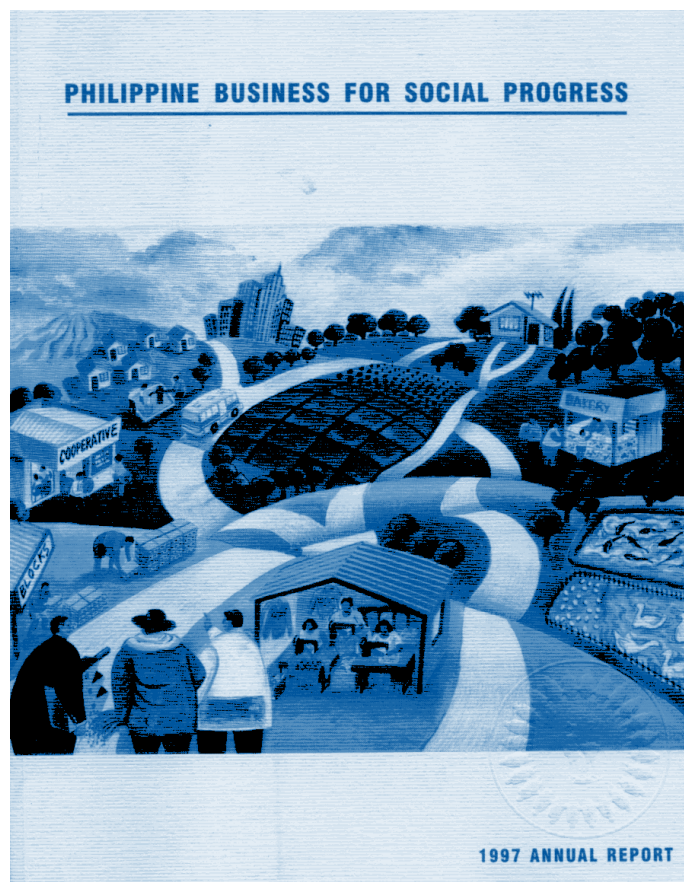
One unusual section in PBSP's 1997 Report is the *External Program Review*. This is a one-page statement written by SVG and Co.—a leading management consulting firm—that assesses the impact of two PBSP programs over a four-year period between 1992 and 1996. Including an external review of programs in the Annual Report can potentially increase a foundation's accountability to its constituents by providing them with an independent assessment. An excerpt from 1997 Annual Report follows:

External Program Review


SVG and Co.

We have evaluated the performance of the Small and Medium Enterprise Credit and the Kredistanstalt Fur Wiederaufbau (KfW) Programs for the period 1992 to 1996 using agreed-upon assessment activities designed to assist PBSP in:

- Determining indicators of the impact of the program on the expansion of credit to small and medium enterprises (SMEs) and the intermediary financial institutions (IFIs)
- Assessing the effectiveness of the design of the credit delivery mechanism
- Determining new lending directions and possible expansion of the programs¹²



In addition to the annual report, PBSP publishes a “List of Projects Assisted.” The list is a simple grid table that gives basic information on financial assistance provided by the foundation. The list assists grant seekers by giving them an idea of the scope of projects. It can also help build a foundation’s track record with the public as a grantmaker. PBSP’s list is placed in a folder pocket on the last page of the annual report. Here is an example from Luzon:

						
Project Title	Grant	Financial Advance	Credit Line	Project Type	Project Description	Proponent
Benguet						
Barangay Dalipey, Bakum Water System Development Project	240,000.00			IEDP	To install a potable water system for 82 households in Brgy. Dalipey, Bakum, Benguet. The system is composed of an intake tank, two distribution tanks and pipes, and communal faucets. The community will be organized into a functional site-management committee to ensure proper maintenance of the water system and efficient collection of fees.	Jaime V. Ongpin Foundation, Inc. JVOFI
Marie Eugenie Cooperative Development Center Multi-Purpose Building Project	500,000.00			EDP	To expand the office of the Marie Eugenie Cooperative into a two-storey structure. The first floor will be used as office and consumer goods warehouse, and the second floor shall serve as a mini-library and training room.	PBSP-LRO

13

Reports of activities and impacts can go beyond the annual report. In honor of its 25th anniversary, in 1995 PBSP published *A Quarter of a Century in Social Development*. This hardcover gold-embossed book commemorates the organization’s 25-year history. It was used as a special gift to member companies. PBSP’s Chairman, Andres Soriano III, introduces the book:

This book tells the more complete story. It is a detailed history of two and a half decades of social involvement of the only business-initiated social development institution in the country and perhaps the world.¹⁴

Brochures


PBSP's brochure, *The Other Side of Business*, gives basic information on the history and programs of the foundation, discussing five program areas. It concludes with a three paragraph section entitled *The PBSP Strength* that presents PBSP's resources, staff and experience. The brochure opens with the statement reproduced below:

People.

Imagine harnessing the productive energies of millions of needy Filipinos. The growth possibilities are endless.

Bountiful harvests.
Thriving local industries
Self-reliant communities.
Shared prosperity.
A progressive country.

It is never an easy task.
But when responsible business leaders group together, believing that part of their resources are worth investing in the Filipino poor, nothing seems impossible.




1993

Awards and Special Events

Awards and special events are another way a foundation may raise resources and highlight good practices in areas where it works. PBSP's annual golf tournament raises money for its Center for Corporate Citizenship and provides an opportunity for top business leaders in the country to feel personally involved. Another special event, PBSP's Festival of Trees is discussed in Chapter 4.

Swing
for
Blue Skies



The 1998 PBSP Golf Tournament
Wednesday, 28 January 1998
4 o'clock p.m.
Club Intramuros, Manila

For the benefit of PBSP's Anti-Smoke Belching Program



clear the air for life

Example 2

Reports and Publications for Community Partners
Social Change Assistance Trust (South Africa)

The Social Change Assistance Trust (Scat) in South Africa was started in 1984 to meet the needs of politically and economically oppressed communities through a very focused program of financial assistance. Scat assists rural community groups who have started “advice centers” that raise the capacity of communities to execute programs and raise funding on the local level. Communications have been primarily aimed at community constituents and the broad public in South Africa. The goal is to increase the visibility and credibility of its strongly community-based strategy of development.

For much of its history Scat has received most of its funding through a small group of donor agencies. Scat has targeted its communications at its community partners.

Report of Activities

Scat publishes an annual report, which it distributes to recipients, funders, potential funders and *Friends of Scat*. Copies of this report and its other more specific financial reports are given out on request. In 1996, SCAT published an expanded report which covered 11 years of its activities from 1984 to 1995. This 36-page brochure contains essays, program descriptions, interviews with community leaders, evaluation and impact discussions, and basic information on board, staff and the organization. Section titles are:

- The Scat Approach
- Development in Action - Scat's Fieldwork Practice
- Finding the Rhythm of the People (an interview with a fieldworker)
- Criteria for Support to Local Development Agencies
- Building Rural Muscle (an article about Scat's "Development Fund")
- Book Review of "The Impact of Rural Advice Offices Funded by Scat"
- New Community Projects (a statistical overview)
- News from the Field (short reports from development centers)
- This is Where My Heart Is (interview with a community leader)
- Nomzamo: Making Bricks, Building Justice (report on a community center)
- Buildings for Empowerment (report on Scat's funding for buildings)
- Projects Supported by Scat (listing of communities supported over 11 years)
- Scat's Funders (interviews with funders and financial information)
- Meeting the Future (plans for growth and change)
- Scat's People (staff and trustees)¹⁷



Public Grantmaking Criteria

Many foundations publish criteria for choosing and making grants in their brochures and annual reports. Publicized criteria promotes self selection. Potential candidates are motivated to apply and those who fall outside the foundation's areas of support are discouraged. Scat's criteria are brief enough to fit on a one-page flyer or a brochure. The language is clear and direct:

To qualify for acceptance, organizations must be rural, community-based, membership open to all, with a written constitution, defined aims and plans, and regular reporting to Scat and its community, including an open Annual General Meeting and annual audited financial statements.

To qualify for continued support, organizations should meet the following additional criteria within two years of Scat assistance: clear aims, objectives, and plans, accountable leadership, the representation of women at all levels, representation from the client base, and five percent of the organizations' annual budget coming from local fundraising.¹⁸

Posters and Other Media

Scat publishes a newsletter from one to three times per year as a way of staying in touch with its constituency. Articles are accepted and published in Xhosa, Sesotho, English, and Afrikaans (four of South Africa's 13 official languages). Scat also uses posters that can be posted in the community centers its supports and other places in these communities.

Scat produced a poster bearing two large photographs—one of women working and one of a veld landscape, with the slogan in English and Xhosa: *Scat. Making a difference with people*. Scat also produced a poster to publicize its local Fundraising Incentive Scheme (FRIS).

FRIS matches every rand raised through local community effort with a five rand reward, with a ceiling limit in 1999 of 25,000 rand. In 1998 and 1999, Scat produced an annual calendar/planner in color decorated in slogans. A detailed publication of FRIS case histories and learning should be available from the year 2000.

Example 3

Awareness-Raising Material, Articles and Events
The Abrinq Foundation For Children's Rights (Brazil)

The Abrinq Foundation for Children's Rights in Brazil was created in 1990 to promote the basic citizenship rights of children. Abrinq stands out as a foundation that has taken the lead in deepening its visibility and impact through substantial use of public media. The following section from *A History of Action 1990-1997* explains why Abrinq has placed a consistently high value on this kind of communications:

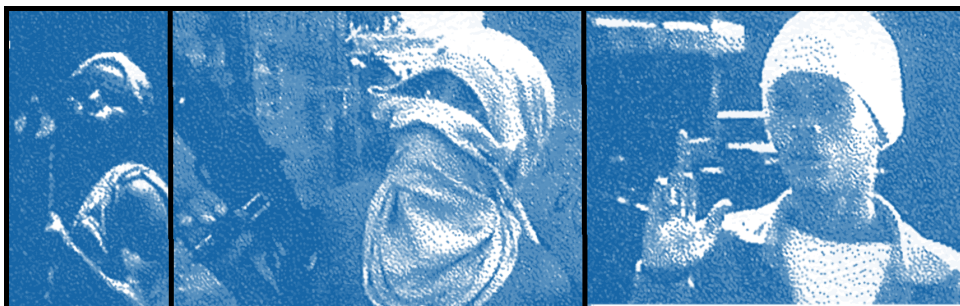
...Communications activities were always *inseparable* from the Abrinq Foundation's activities. The projects always link the communication element to the mechanics of the operation. The first example of this tactic is from 1989, the period of the former Defense Board. It is the "Child Award," which later became a permanent activity of the Foundation. The idea behind the Award is simple: it is an annual event *rewarding four exemplary initiatives* in favor of children in a public ceremony (usually held in November), *widely publicized* through press releases, interviews, articles in newspapers, and radio and TV programs.

It is important to note that even in planning these activities the Abrinq Foundation is true to its character as an "articulating" entity... During the initial period, sensitization or informational campaigns were a significant portion of the Foundation's efforts."¹⁹

Media

Abrinq also produces a bi-monthly newsletter entirely devoted to the discussion of problems and solutions to problems facing Brazilian children. In 1992, the Foundation formed an association with the *Folha de São Paulo* newspaper—one of the most widely read newspapers in Brazil. Abrinq agreed to send suggestions every month for an article. The newspaper decides if the suggestion will make a good story, and then researches and writes on the topic. As a result of this partnership, more than 70 columns appeared in the newspaper as of 1998.

The Foundation also makes extensive use of video both to publicize its own programs and to reach a broader audience. In 1991 it collaborated with a local filmmaker to get financing from two large São Paulo corporations to produce *The Children of War*, a documentary on the plight of street children in Brazil. Its reason for working with the filmmaker was to advance its objective to improve life for children in Brazil. Abrinq was pleased with the results of this collaboration. In 1992, Abrinq distributed more than 500 copies of the video *The Children of War* to human rights organizations, to public officials, government bodies and press agencies, as well as to international institutions.



Annual Child Award

Since 1989, Abrinq has publicized the work of over 25 organizations through its annual Child Award. The award increases public awareness of organizations doing good work and builds support for Abrinq's mission. Excerpts from the 1997 nomination form are reproduced below:

It is time to recognize
Those who battle for small causes.

The Children's Award 1997

The Abrinq Foundation, in its ninth consecutive year, will recognize those who have distinguished themselves in the defense of the rights of children in Brazil. It is critical to recognize the importance of the work of this group of people and organizations of whom you also are a part. Don't miss out on participating. Nominate a person or an institution who has been involved in exemplary activities in the area of youth....

Rules

1. The Children's Award will be conferred to four people or organizations who have distinguished themselves in the defense of the rights of children in the country
2. In making the award, judges will consider activities in the areas of the defense of rights, culture, health, social assistance, education, policy and communication
3. Activities considered eligible for award will have occurred in the current year of the award, or will have stood out (particularly) in the past
4. Eligible candidates should be nominated by a third party, self-nominations are not accepted
5. Those eligible for award will be judged on the following criteria: merit, accomplishment, the benefits and the exemplary nature of the activity, the unique context and the length of time the activity took to develop

Nomination Form - Name of the person or institution nominated

Area of Involvement - Defense of Rights, Culture, Health, Education, Policy, Social Assistance, Communication

Summary of Activity - Includes merit, accomplishment, benefits, unique aspects, why this was an exemplary action and how long it took to develop (use other pages if necessary) ...²⁰

Fact Sheets

Abrinq publishes a seven-page fact sheet, providing information on its role, its challenge, and its work. Each page focuses on a specific program or initiative.

- Information Reduces Infant Deaths Caused by Dehydration.
- Campaign to Encourage Pre-Natal Examinations
- Foster Care Allows Children to Develop a Family Environment
- Books and Films Denounce the Killing and Exploitation of Children
- Toy Libraries: Opportunities for Social and Recreational Exchanges
- Communication Programs to Mobilize Society
- Our Children Project Expands its Activities to Other Competent Organizations²¹

In addition to this fact sheet, announcements of grant availability, mission statement, logo, background explanation, and rationale form Abrinq's core information packet.

References

- ¹ Esquel Ecuador Foundation. Internal document. 1997.
- ² Summarized from Esquel communication plan. 1998.
- ³ *Esquel Ecuador Foundation 1997 Annual Report*.
- ⁴ *Esquel Ecuador Foundation 1991-2 Annual Report*.
- ⁵ Aduom, Alejandra. *The Esquel Ecuador Foundation: A Case Study*. New York: The Synergos Institute, 1997.
- ⁶ Esquel Ecuador Foundation letter to The Synergos Institute, July 1998.
- ⁷ *Esquel Foundation Brochure*. 1996.
- ⁸ *Ibid.*
- ⁹ *Esquela*. First Trimester 1998.
- ¹⁰ *Esquela*. Second Trimester 1998.
- ¹¹ *Philippine Business for Social Progress 1997 Annual Report*.
- ¹² *Ibid.*
- ¹³ List of projects supported. PBSP, 1997.
- ¹⁴ Philippine Business for Social Progress. *A Quarter of a Century in Social Development*. 1995.
- ¹⁵ Philippine Business for Social Progress brochure. Undated.
- ¹⁶ *Ibid.*
- ¹⁷ *Social Change Assistance Trust 1996 Annual Report*.
- ¹⁸ Social Change Assistance Trust. *Fact Sheet for Public Release*. 1997.
- ¹⁹ *A History of Action 1990-1997*. 1997.
- ²⁰ Abrinq Foundation for Children's Rights brochure. 1997.
- ²¹ Abrinq Foundation for Children's Rights promotional materials. Undated.

Appendices

The lists of resources in these appendices are regularly updated and available over the internet at www.synergos.org/globalphilanthropy/.

Appendix 1: Recommended Print Resources

The following list includes print resources—books, periodicals and reports—which may be valuable to foundation work.

FORMATION

The Charitable Impulse: Wealth and Social Conscience in Communities and Cultures Outside the United States

A cross-cultural probe into the nature of philanthropy.

James A. Joseph. New York: The Foundation Center, 1989. 79 Fifth Avenue, New York, NY 10003-3076 USA. Web: www.fdncenter.org.

Community Foundations Around the World: Building Effective Support Systems

A report that addresses similarities and differences among community foundations in different parts of the world and attempts to find means of linking them to form a support network.

Jane Tully. Resources for International Grantmaking Series. Washington, DC. Council on Foundations, 1997. 1828 L Street, NW, Washington, DC 20036 USA. Tel: (202)466-6512.

The Community Foundation: What it is and How to Get Yours Going. An Information Kit for Canadian Communities

A comprehensive manual on building a community foundation including sections on getting started, organization, and tasks.

Jane Waterston. Alastair Gamble, ed. Community Foundations of Canada (CFC), 150 Laurier Avenue West, Suite 320, Ottawa, Ontario K1P 5J4 Canada.

Tel: (613) 236-1616; Fax: (613) 236-1621; Email: cfcmp@ibm.net.

Creating a Charitable Trust: A Handbook on Personal Grantmaking Trusts

A description of the options available for creating a charitable trust in the United Kingdom.
Christopher Zealley. London: Directory of Social Change, 1994. ACF Publications, 4 Bloomsbury Square, London WC1A 2RL UK. Email: acf@acf.org.uk.

The Emerging Sector: The Nonprofit Sector in Comparative Perspective—An Overview

The book reports on the results of an international study of the nonprofit sector.
Lester M. Salamon and Helmut K. Anheier. The Johns Hopkins University Institute for Policy Studies, Baltimore. The Johns Hopkins University, Wyman Park Building, Fifth Floor, 3400 North Charles Street, Baltimore, MD 21218-2688 USA. Tel: (410) 516-7174; Fax: (410) 516-8233; Email: jhuips@jhunix.hcf.jhu.edu.

How Foundations Work

An insider's guide to US foundations. Includes description of the grantmaking process and offers insight into what foundations look for in proposals.
Dennis P. McInay. San Francisco: Jossey-Bass Publishers, 1998 USA.
Tel: (415) 433-1740; Fax: (415) 605-2665; Web: www.josseybass.com/.

International Bibliography: The Nonprofit Sector and Democratic Participation

Gisele M. Crawford. Nonprofit Sector Research Fund working Paper Series. Washington, DC. The Aspen Institute. Suite 1070, 1333 New Hampshire Avenue, NW, Washington, DC 20036 USA. Tel: (202) 736-5800; Fax: (202) 467-0790.

Principles for Community Leadership: A Guide for Community Foundations

Community Foundations of Canada. This can be ordered from the Community Foundations of Canada. 75 Albert Street, Suite 301 Ottawa, Ontario K1P 5E7 Canada. Tel: 1 (613) 236-2664; Fax: 1 (613) 236-1621; Email: cfcmp@ibm.net.

GOVERNANCE AND INSTITUTIONAL DEVELOPMENT

Guidelines for Laws Affecting Civic Organizations

Suggests standards for laws permitting, protecting and regulating civic organizations that choose to obtain a legal personality.
Leon Irish, Karla Simon and Rob Kushen, eds. New York: Open Society Institute and the International Center for Not-for-Profit Law, 1997. 1511 K Street, NW, Suite 723, Washington, DC 20005 USA. Tel: (202) 624 0766; Fax: (202) 624 0767; Email: dcicnl@aol.com.

Nonprofit Governance Series

National Center for Nonprofit Boards, Washington, D.C.

For an up-to-date list of publications, contact the National Center for Nonprofit Boards: Tel: (202) 452-6262; Fax: (202) 452-6299; Web: www.ncnb.org/.

A series of sixteen pamphlets which cover a range of governance topics including the following titles:

- Ten Basic Responsibilities of Nonprofit Boards
- The Chief Executive's Role in Developing the Nonprofit Board
- Fund Raising and the Nonprofit Board Member
- Board Assessment of the Chief Executive
- The Nonprofit Board's Role in Reducing Risk
- The Nonprofit Board's Role in Strategic Planning
- Board Passages: Three States in a Nonprofit Board's Life Cycle
- Understanding Nonprofit Financial Statements
- Creating and Renewing Advisory Boards: Strategies for Success
- Planning Successful Board Retreats: A Guide for Board Members and Chief Executives
- The Role of the Board Chairperson: For Effective Nonprofit Governance
- Smarter Board Meetings
- Bridging the Gap Between Nonprofit and For-Profit Board Members
- Board Assessment of the Organization: How Are We Doing?
- The Board's Role in Public Relations and Communications
- Finding and Retaining Your Next Chief Executive: Making the Transition Work

PROGRAM PRIORITIES AND OPERATIONS

Equality of Opportunity: A Framework for Community Foundations

Report focusing on key elements and areas of a community foundation's work in the UK, including service delivery and organizational requirements.

Equal Opportunities Working Party to ACTAF. July 1996 Report. Association of Community Trusts & Foundations (ACTAF), 4 Bloomsbury Square, London WC1A 2RL, UK. Tel: (44) 171 831 0033; Fax: (44) 171 831 3881; Email: actaf@patrol.i-way.co.uk.

Fairness in Funding: An Equal Opportunities Guide For Grant-Makers

Offers ideas about how grantmaking trusts can achieve more fairness in funding.

Roland Doven and Fiona Ellis. London: Association of Charitable Foundations, 1995. 4 Bloomsbury Square, London WC1A 2RL. Email: acf@acf.org.uk.

Good Grant Making: A Practical Guide

A practical handbook from the British perspective for people administering a grantmaking trust of foundation.

Rodney Hedley and Colin Rochester. London: Association of Charitable Foundations, 1993. 4 Bloomsbury Square, London WC1A 2RL UK. Email: ac@acf.org.uk.

Grantmaking for the Global Village. Resources for International Grantmakers.

Examines a perspectives on grantmaking that are emerging among foundations.

Emmett Carson. Washington DC: Council on Foundations, 1997. 1828 L Street, NW, Washington, DC 20036. Tel: (202)466-6512.

Lending Money: The Issues for grantmaking Trusts

Investigates credit programs from the perspective of grantmaking trusts and foundations in the UK.

Julia Unwin. London: The Baring Foundation, 1997. 60 London Wall, London EC2M 5TQ UK. Tel: 44 (0) (171) 767-1348.

The Missing Links: Financial Systems that Work for the Majority

Outlines new approaches to assist microentrepreneurs. Addresses economic participation of the bottom 50% of economic actors.

Women's World Banking Global Policy Forum. Women's World Banking, 1995. 8 West 40th Street, New York, NY 10018 USA.

Modes of Foundation Operation in Israel

Describes foundations in Israel and their implications for Israeli society.

Dorothy Harman, ed. Jerusalem, Israel: The Van Leer Jerusalem Institute, 1997. Albert Einstein Square, 91040, Jerusalem, P.O. Box 4070. Tel: 972 (2) 5617141.

Partners in Evaluation: Evaluating Development and Community Programmes with Participants

Designed to help those who want to incorporate evaluation and monitoring techniques into community-level programs.

Marie-Thérèse Feuerstein. London: Macmillan, 1986. Teaching Aids at Low Cost (TALC), P.O. Box 49, St. Albans, Hertfordshire AL1 4AX, UK.

Report on the Conference on Socially Transformational Philanthropy in Latin America

Report centers on the themes of joint action among NGOs, local resource mobilization and international cooperation.

Fundación Arias para La Paz y el Progreso Humano. San José, Costa Rica: Fundación Arias, 1994. apdo. 8-6410-1000, San José, Costa Rica. Tel: (506) 255-2955; Fax: (506) 255-2244.

Resources for Success: A Manual for Conservation Organizations in Latin America and the Caribbean

Shares some of the ideas and case studies that have evolved under the self-sufficiency project which provides venture capital grants, training and technical assistance and information dissemination

The Nature Conservancy, 1993. 1815 North Lynn Street, Arlington, Virginia 22209. Tel: 703 841-4860; Fax: 703-841-4880.

Striking a Balance: A Guide to Enhancing the Effectiveness of Non-Governmental Organisations in International Development

Documents the work of NGOs involved in international development and suggests how their effectiveness can be improved.

Alan Fowler. London: Earthscan Publications Ltd, 1997. 120 Pentonville Road, London N1 9JN UK. Tel: (44) (171) 278-0433; Fax: (44) (171) 278 1142.

MOBILIZING RESOURCES AND SUPPORT

Alternative Financing of Third World Development Organisations and NGOs

Two volumes. Geneva: IRED International Development Resource Center, 1995. To order contact the Council on Foundations, 1828 L Street, NW, Washington, DC 20036 USA. Tel: (202) 466-6512.

Basic Guide to Using Debt Conversions

Describes debt conversions and explains how to use them.

Dunn, Elizabeth G. Technical Paper No. 44 March 1997. USAID/Africa Bureau, Office of Sustainable Development. Productive Sector Growth and Environment Division, Room 2744S, Washington, DC 20523-0089 USA.

Beyond our Borders: A Guide to Making Grants Outside the U.S.

Explores issues of U.S. grantmakers working outside the U.S.

John A. Edie. Council on Foundations, 1994. 1828 L Street, NW, Washington, DC 20036 USA. Tel: (202) 466-6512.

Checkoffs: New Approaches to Funding Research, Development, and Conservation Programs

Explores a new fundraising approach called checkoffs (self-imposed taxes paid by groups of producers and consumers to fund programs in agriculture and natural resource conservation).

Jere L. Gilles. Technical Paper No. 53. Part of the Sustainable Financing Series, USAID/Africa Bureau. April 1997. To order contact USAID, Africa Bureau, Office of Sustainable Development, Productive Sector Growth and Environment Division, Room 2744S, Washington, DC 20523-0089 USA.

The Complete Book of Model Fundraising Letters

Contains hundreds of models, samples and excerpts of fundraising letters used in the US.
 Roland Kuniholm. Paramus, NJ: Prentice Hall, 1995. To order contact Prentice Hall, Career and Personal Development, Paramus, NJ 07652 USA.
 Web: www.phdirect.com/.

Corporate Funding, Tax and the Nonprofit Sector

Workshop handbook which proposes ways in which contributions to grant funding for development can be treated more sympathetically than at present by taxation authorities in South Africa.

Southern African Grantmakers' Association (SAGA). 1996. PO Box 31667, Braamfontein 2017 South Africa. Tel: (27) (0) 11 403 1610; Fax: (27) (0) 11 403 1689; Email: saga@wn.apc.org.

Depending on Ourselves: Zambian Experiences in Domestic Fund Mobilization

Based on the case histories of different Zambian NGOs, the book examines global context, domestic opportunities for funding, looks at different models for managing a mix of funds.

Paige Hull and Richard Holloway. Resource Paper #4. Pact, July 1996. 1901 Pennsylvania Avenue NW, 5th floor, Washington, DC 20006 USA.
 Tel: 202-466-5666; Fax: 202-466-5669; Email: pact@pacthq.org.

The Directory of International Corporate Giving in America and Abroad

Lists information on the charitable giving activities of multinational corporations for international purposes.

Katherine E. Jankowski, ed. The Taft Group, 1995. 12300 Twinbrook Parkway, Suite 520, Rockville, MD 20852 USA. Tel: (800) 877-TAFT;
 Web: www.taftgroup.com/.

FC Search: The Foundation Center's Database on CD-ROM

A database on CD-ROM with records of foundations in the United States and for numerous corporate giving programs.

The Foundation Center. Version 3.0. To order contact The Foundation Center, 79 Fifth Avenue, New York, NY 10003 USA. Web: www.fdncenter.org/.

The Foundation Directory

Provides information on the finances, governance and giving interests of America's largest grantmaking foundations. Updated annually.

The Foundation Center. Most recent edition, 2000. 79 Fifth Avenue, New York, NY 10003 USA. Web: www.fdncenter.org/.

Fundraising Basics: A Complete Guide

US guide on effective fundraising program.

Barbara Kushner Cicone and Jeanne G. Jacob, eds. Gaithersburg, Maryland: Aspen Publishers, 1997. 200 Orchard Ridge Drive, Suite 200, Gaithersburg, MD20878 USA. Web: www.aspenpub.com/.

Fundraising Matters: True Stories of How Raising Funds Fulfills Dreams

Focuses on fundraising techniques.

Michael Seltzer, ed. No. 1, Fall 1993. San Francisco: Jossey-Bass Inc., 1993. Contact Jossey-Bass. Tel: (415) 433-1740; Fax: (415) 605-2665; Web: www.josseybass.com/.

International Grantmaking: A Report on U.S. Foundation Trends

A comprehensive review of trends in international grantmaking of U.S. grantmaking foundations.

Loren Renz, Josefina Samson-Atienza, Trinh C. Tran and Rikard R. Treiber. The Foundation Center in cooperation with the Council on Foundations, 1997. 1828 L Street, NW, Washington, DC 20036 USA. Tel: (202) 466-6512.

NGO Funding Strategies: An Introduction for Southern and Eastern NGOs

A guidebook that addresses questions that need to be asked before embarking on the road to self-financing.

Jon Bennett and Sara Gibbs. Oxford: ICVA/INTRAC, 1996. Contact INTRAC Publications, PO Box 563, Oxford OX2 6RZ, UK. Tel: (44) (0) 1865 201851; Fax: (44) (0) 1865 201852; Email: intrac@gn.apc.org.

A Portrait of Canada's Charities: The Size, Scope and Financing of Registered Charities

A list and analysis of Canada's Charities.

David Sharpe. Canadian Centre for Philanthropy. 1994. 1329 Bay Street, second floor, Toronto, ON M5R 2C4 Canada. Tel: (416) 515-0764; Fax: (416) 515-0773.

The Raising of Money: Thirty-Five Essentials Every Trustee Should Know

James Gregory Lord. Cleveland: Third Sector Press, 1983. 2000 Euclid Avenue, P.O. Box 18044, Cleveland, Ohio 44118 USA.

The Reality of Aid 1998/1999: An Independent Review of Poverty Reduction and Development Assistance

Analyzes bilateral aid and development cooperation especially on the issue of poverty eradication.

Eurostep and ICVA. Judith Randel and Tony German, eds. London: Earthscan Publications Limited, 1998. 120 Pentonville Road, London N1 9JN UK. Tel: (44) 0171 278-0433; Fax: (44) 0171 278 1142.

Securing Your Organization's Future: A Complete Guide to Fundraising Strategies

Handbook and reference guide for nonprofit leaders to help them secure funds for their organizations.

Michael Seltzer. The Foundation Center: 1987. 79 Fifth Avenue, New York, NY 10003 USA. Web: www.fdncenter.org/.

Southern African Grantmakers' Association Donors Directory

A directory of South African grantmakers organized by region. Includes contact information.

Patience Ndala and Mokhehi Moshoeshe, eds. Southern African Grantmakers Association. PO Box 31667, Braamfontein 2017 South Africa. Tel: (27) (0) 11 403 1610; Fax: (27) (0) 11 403 1689; Email: saga@wn.apc.org.

Strengthening Civil Society's Contribution to Development: The Role of Official Development Assistance

A report on a conference which addressed the role of Official Development Assistance in building a stronger civil society.

Overseas Development Council and the Synergos Institute. Pocantico Conference Center of the Rockefeller Brothers Fund. Pocantico Hills, New York. 26-28 September 1995. To order contact The Synergos Institute, 9 East 69th Street, New York, NY 10021 USA. Tel: (212) 517-4900; Fax: (212) 517-4815.

Sustaining Civil Society: Strategies for Resource Mobilization

A collection of writings about mobilizing resources for the benefit of civil society.

Leslie M. Fox and Bruce Schearer, eds. Washington, D.C: CIVICUS: World Alliance for Citizen Participation, 1997. 919 18th Street, NW, 3rd floor, Washington, D.C. 20006 USA. Web: www.civicus.org.

Toward Financial Self-Reliance: Handbook of Strategies for Resource Mobilization to Help Southern Development NGOs

A conceptual framework for NGO resource mobilization written for a four-day training program.

Richard Holloway. To order contact the Aga Khan Foundation, 1901 L Street, NW, Suite 700, Washington, DC 20036 USA. Tel: (202) 293-2537; Fax: (202) 785-1752; Email: 71075.1561@compuserve.com.

The Worldwide Fundraiser's Handbook: A Guide to Fundraising for Southern NGOs and Voluntary Organisations

Michael Norton. A Directory of Social Change Publication, in association with the International Fundraising Group, 1996. 295 Kennington Road, London SE11 4QE, UK. Tel: 44 (0)171 587 0287; Fax: 44 (0)171 582 4335; Email: contact@ifrg.org.uk; Web: www.ifrg.org.uk/.

OTHER RESOURCES

Civil Society Resource Organizations and Development in Asia

Directories of foundations and civil society resource organizations in Indonesia, Malaysia, Philippines, Singapore and Thailand. Includes background information, program descriptions, and contact information.

The Synergos Institute, 1999.5 volumes. 9 East 69th Street, New York, NY 10021 USA. Tel: (212) 517-4900; Fax: (212) 517-4815. Email: synergos@synergos.org; Web: www.synergos.org.

Community Foundation Primer: An Outline for Discussion and an Initial Organization Start-Up Kit

Excellent and comprehensive guide to creating community foundations.

Council of Michigan Foundations, 1992. Second edition, 1997. One South Harbor Avenue/Suite 3, P.O. Box 599, Grand Haven, Michigan 49417 USA. Tel: (617) 842-7080; Fax: (617) 842-3010 or 842-1760.

The Process and Techniques of Foundation-Building

This series studies eight foundations from around the world.

The Synergos Institute. 8 volumes. New York: The Synergos Institute. 9 East 69th Street, New York, NY 10021 USA. Tel: (212) 517-4900; Fax: (212) 517-4815; Email: synergos@synergos.org; Web: www.synergos.org.

Appendix 2: Resource Organizations

The following organizations were either referenced in the text or provide useful information to foundation builders. They are listed by region and area of focus.

AFRICA

Community Development Foundation of Mozambique

(Fundação para o Desenvolvimento da Comunidade—FDC)
Avenida Eduardo Mondlane 1160-1170, R/C
Maputo, Mozambique
Tel: (258 1) 430; Fax: (258 1) 422 595
E-mail: fdc@zebra.uem.mz

Community Foundation for the Western Region of Zimbabwe

c/o Organization for Rural Associations for Progress (ORAP)
P.O. Box 877, Bulawayo, Zimbabwe
Tel/Fax: (263-9) 69617
Email: westfund@acacia.samara.co.zw

Equal Opportunity Foundation (EOF)

Zelfin House #5, cnr Aden and Lawrence
P.O. Box 455, Athlone 7760, South Africa
Tel: (27) 21 697 1566; Fax: (27) 21 697 1679

Kagiso Trust (K.T.)

209 Smith Street, 18th floor, Braamfontein
P.O. Box 1878, Johannesburg 2000, South Africa
Tel: (27 11) 403 6319; Fax: (27 11) 403 1940

Kenya Community Development Foundation (KCDF)

PO Box 40898
Nairobi, Kenya
Tel: (254) 2 762; Fax: (254) 538 252 830

Rossing Foundation

P.O. Box 20746
Windhoek, Namibia
Fax: (264) 61 21 1273

Social Change Assistance Trust (SCAT)

13B Kloofnek Road
Tamberskloof 8001, South Africa
Tel: (27 21) 240 909; Fax: (27 21) 248 099
Email: scat@aztec.co.za
Web: www.scat.org.zal

Southern African Grantmakers Association

PO Box 31667
 Braamfontein 2017
 South Africa
 Tel: (27) (0) 11 403 1610; Fax:(27) (0) 11 403 1689
 Email: saga@wn.apc.org

West Africa Rural Foundation (WARF)

Fondation Rurale de l'Afrique de l'Ouest (FRAO)
 Rue 1 x D Point E
 C.P. 13 - Dakar Farm, Senegal
 Fax: (221) 245 755
 Email:frao@metissacana.com

ASIA**AccountAid India**

55-B, Pocket C, Sidharta Extension
 New Delhi 110 014, India
 Tel: 11 683 3028; Fax: 11 692 4852

Child Relief and You-CRY (India)

Community Facility Complex
 DDA Slum Wing (Bharat Char)
 Bapu Park, Kotla Mubarakpur, India
 Fax: (91) 22 463 2302
 Web: www.cry.org

Children and Youth Foundation of the Philippines (CYFP)

10th floor, Citibank Center
 8741 Paseo de Roxas, Makati
 Metro Manila, Philippines
 Tel: (632) 815 7087; Fax: (632) 894 1279
 Web: www.fillib.org.ph/cyfp/

China Environmental Protection Foundation (CEPF)

Ni 1 Yuhuinan Road, Beijing 100029, China
 Tel: (86) 10; Fax: 601 1186

Foundation for a Sustainable Society (FSSI), Inc.

Unit E, No. 46, Samar Avenue corner
 Sgt. Albano Street, South Triangle
 1103 Queens City, Philippines
 Tel/Fax: (632) 928 8671
 Web: www.fussi.org

Foundation for the Philippine Environment (FPE)

No. 77 Matahimik Street, Teachers' Village
1101 Quezon City, Philippines
Tel: (63) 2 927 2166; Fax: (63) 2922 3022
Email: fpe@mnl.sequel.net
Web: www.chimaira.psdn.iphil.net/fpe.htm

National Foundation for India (NFI)

C.24 Institutional Area
South of IIT, New Delhi 110 016, India

Philippine Business for Social Progress (PBSP)

3/F Philippine Social Development Centre
Magallanes Cor. Real Streets-Intramuros
P.O. Box 3839, Manila, Philippines
Tel: (632) 527 7741; Fax: (632) 527 3740
Email: pbsp-mnl@phil.gn.apc.org
Web: 165.220.12.166/pbsp/index.htm

Swadhar Foundation

H-3/C, Saket
New Delhi 110017, India
Tel: (91) 11 696 7795; Fax: (91) 11 686 5974

Yayasan Dana Mitra Lingkungan (DML)

(Friends of the Environment Fund)
Jl. Mampang Prapatan VI/41
Jakarta 12920, Indonesia
Tel: (622) 1 794 5104; Fax: (622) 1 794 5116
Web: www.bubu.com/dml

Yayasan Dharma Bhakti Astra

(Astra Foundation)
Jl. Majapahit no. 16
Jakarta 10160, Indonesia
Tel: (622) 1 386 5831; Fax: (622) 1 386 5833
Email: ydba@centrin.net.id

Yayasan Keanekaragaman Hayati (KEHATI)

Indonesian Biodiversity Foundation
Patra Jasa Building, 1st floor, Jl. Jend.
Gatot Subroto, Kav 32-34, Jakarta
Indonesia
Tel: (622) 1 522 8031; Fax: (622) 1 522 8033
Email: kehati@indo.net.id

LATIN AMERICA AND THE CARIBBEAN**Abrinq Foundation for Children's Rights**

Fundação Abrinq Pelos Direitos da Criança (FADC)
(Brazilian Association of Toys Manufacturers)
Rua Alberto de Faria, 427, Alto de Pinheiros
CEP 05459-000 São Paulo-SP, Brazil
Tel/Fax: (011) 814 9500
Email: fundabrinq@ax.apc.org
Web: www.fundabrinq.org.br

Arias Foundation for Peace and Human Progress

Apartado 8-6410-100
San José, Costa Rica
Tel: (506) 255 2955; Fax: (506) 255 2244

Bahamas National Trust-Heritage Fund

P.O. Box N-4105
Nassau, Bahamas
Tel: (242) 393 1317; Fax: (242) 393 4978
Email: glarson@bahamas.net.bs

Brazilian Biodiversity Fund (Funbio)

Praia de Botafogo 184, Sala 101
22253-900 Rio de Janeiro, Brazil
Tel: (55) 21536 9492; Fax: (55) 21 536 9427
Email: clara@fgv.br

Chihuahua Business Social Fund

(Fondo Social del Empresariado Chihuahuense-FECHAC)
Gral. Rfana No. 201, Col. San Felipe
C.P. 31170, Chihuahua, Chih., Mexico
Tel/Fax: 133 920

Esquel Ecuador Foundation

Avenida Colón 1346
Edificio Torres de la Colón, Mezzanine, Oficina No. 12, Quito, Ecuador
Tel: (593 2) 250 001; Fax: (593 2) 554 029
Email: fesquel@fesquel.org.ec
Web: www.esquel.org.ec

Fundación Carvajal

Calle 2 oeste #24F73
A.A. 6178, Cali, Colombia
Tel: (57) 2 554 2949; Fax: (57) 2 554 2892
Luis Fernando Cruz, Executive Vice President

Fundación Corona

Calle 100, No. 8A-55
Piso 9 Torre C
Santafe de Bogota, Colombia
Tel: 610 5555; Fax: 610 7620

Fundación Demos, I.A.P

Fondo para la asistencia, promoción y desarrollo, I.A.P (FAPRODE)
Minnesota No 6, Col. Nápoles
C.P. 03810 Mexico, D.F., Mexico
Tel: 536 1023; Fax: 669 0308
Email: demos@laneta.apc.org

Fundación Vamos

Petén 204 Col. Navarte
C.P. 03020, Mexico D.F., Mexico
Tel: (525) 543 2882; Fax: (525) 536 6125
Web: www.vamos.org

Grupo de Institutos Fundações e Empresas (GIFE)

(Group of Institutes, Foundations, and Private Enterprises)
Alameda Ribeirão Preto 130, Conjunto 12
01331-000 São Paulo, Brazil
Tel/Fax:(55) 11 287 2349
Web: www.uol.com.br/gifel/

Institute for the Development of Philanthropy (IDEPH)

(Instituto para el Desarrollo de la Filantropía—IDEFI)
Puerto Rico Community Foundation
P.O. Box 70362
San Juan, Puerto Rico 00936-8362
Tel.: (787) 751 3822; Fax: (787) 751 3297
Web: www.fcpr.org/idefiesp.htm

Invertir para la Sustentabilidad

(Invest for Sustainability)
Rio Panuco #55, Interior 903
Colonia Cuahatemoc
C.P. 06500 Mexico
Tel: (52) 5 705 6848; Fax: (52) 5 705 6848

Mexican Center for Philanthropy (CEMEFI)

Mazatlan No. 96
Colinia Condesa
06140 Mexico City DF, Mexico
Tel: (52) 5 256 3739; Fax: (52) 5 256 3190
Web: www.cemefi.org

Puerto Rico Community Foundation (PRCF)

P.O. Box 70362
San Juan, Puerto Rico 00936-8362
Tel: (787) 751 3885; Fax: (787) 751 3297
Web: www.fcpr.org

Vitae (Apoio à Cultura e Promoção Social)

Rua Oscar Freire 379 5o andar
CEP 01426-001 Educação
Sao Paulo SP, Brazil
Tel: (011) 3061 5299; Fax: (011) 883 6361
Email: vitae@dialdata.com.br

OTHER

The Aspen Institute

Suite 1070
1333 New Hampshire Avenue, NW
Washington, DC 20036
Tel: (202) 736-5800; Fax: (202) 467-0790
Web: www.aspeninstitute.org/

Association of Charitable Foundations

4 Bloomsbury Square
London WC1A 2RL UK

Association of Community Trusts & Foundations (ACTAF)

4 Bloomsbury Square
London WC1A 2RL, U.K.
Tel: (44) 171 831 0033; Fax.: (44) 171 831 3881
Email: actaf@patrol.i-way.co.uk

Charities Aid Foundation

Kings Hill
West Mailing
Kent ME19 4TA UK
Web: www.cafonline.org

CMCUS: World Alliance for Citizen Participation

919 18th Street, N.W., Third Floor
Washington, DC 20006
Tel: (202) 331 8518; Fax: (202) 331 8774
Email: info@civicus.org
Web: www.civicus.org

Community Foundations of Canada

75 Albert Street, Suite 301
Ottawa, Ontario K1P 5E7 Canada
Tel: 1 (613) 236-2664; Fax: 1 (613) 236-1621
Email: cfcmp@ibm.net
Web: www.community-fdn.ca/

Council of Michigan Foundations

630 Harvey Street
Muskegon, Michigan 49417
Tel: (616) 777 5817; Fax: (616) 773 0707
web: www.cmif.org/

Council on Foundations

1828 L Street, NW
Washington, DC 20036 USA
Tel: (292)466-6512
Email: siedh@cof.org
Web: www.cof.org/

Directory of Social Change

24 Stephenson Way,
London NW1 2DP, U.K.
Tel: (44) 171 209 5151
Email: info@d-s-c.demon.co.uk

European Foundation Center

51, rue de la Concorde
B-1050 Brussels, Belgium
Tel: (32) 2 512 8938; Fax: (32) 2 512 3265
E-mail: suzanne@efc.be
web: www.efc.be

The Foundation Center

79 Fifth Avenue
New York, NY 10003-3076, USA
Tel: (212) 620-4230
Web: www.fdncenter.org

Indian Center for Philanthropy

Sector C, Pocket 8/8704
 Vasant Kunj, New Delhi 110 070, India
 Tel. 689 7659; fax. 689 9368
 Email: icp@delz.vsnl.net.in

Institute of Policy Studies

Johns Hopkins University
 Wyman Park Building
 3400 N. Charles Street
 Baltimore, MD
 Tel: (410) 516 5463; Fax: (410) 516 7818
 Web: www.jhu.edu/~ips/

Inter-Agency Planning Group on Environmental Funds

c/o The Nature Conservancy
 570 Seventh Avenue, Suite 601
 New York, NY 10018

The International Center for Not-for-Profit Law

1511 K Street, N.W., Suite 723
 Washington, DC 20005
 Tel: (202) 624 0766; Fax: (202) 624 0767
 Email: dcicnl@aol.com
 Web: www.icnl.org/

International Fundraising Group

295 Kennington Road, London SE11 4QE, UK
 Tel: 44 (0)171 587 0287 Fax: 44 (0)171 582 4335
 Email: contact@ifrg.org.uk
 web: www.ifrg.org.uk/

The International NGO Training and Research Centre

PO Box 563
 Oxford OX2 6RZ UK
 Tel:(44) (0) 1865 201851; Fax:(44) (0) 1865 201852
 web: www.intrac@gn.apc.org

International Youth Foundation (IYF)

34 Market Place, Suite 800
 Baltimore, MD 21202, USA
 Tel: (410) 347 1500
 Web: www.iyfnet.org/

League of Corporate Foundations (LCF)

Association of Foundations
 3/F Sarmiento Building II
 2316 Pasong Tamo Extension, Makati City, Philippines
 Tel/Fax: (632) 816 7240

National Committee for Responsive Philanthropy

2001 S. Street, NW
Washington, DC 20009 USA
Tel: (202) 387-9177; Fax: (202) 332-5084
Web: www.ncrp.org/

National Center for Nonprofit Boards

Suite 510, 2000 L Street, N.W.
Washington, DC 20036-4907
Tel: 202 452 6262; Fax: 202 452 6299
Web: www.ncnb.org

Near East Foundation (NEF)

342 Madison Avenue, Suite 1030
New York, New York 10173-1030
Tel: (212) 867 0054; Fax: (212) 867 0169

Pact

1901 Pennsylvania Avenue NW, 5th floor
Washington, DC 20006 USA
Tel: 202-466-5666; Fax: 202-466-5669
Email: pact@pacthq.org
Web: www.pactworld.org/

Prince of Wales business Leaders Forum

15-16 Cornwall Terrace
Regent's Park
London NW14PQ UK
Tel: (44-207) 467-3656; Fax: (44-207) 467-3610
Web: www.pwblf.org

Research and Applications of Alternative Financing for Development (RAFAD)

3, rue de Varembe
1211 Geneva 20, Switzerland

The Synergos Institute

9 East 69th Street
New York, New York 10028, USA
Tel: (212) 517 4900; Fax: (212) 517 4815
Email: synergos@synergos.org
Web: www.synergos.org/

Appendix 3: Training Programs

The following organizations offer training programs that may be useful to foundation practitioners.

Acceso, Costa Rica

Acceso is a private, not-for-profit technical assistance organization active throughout Latin America, and based in San José, Costa Rica. It provides training, technical assistance and institution-building services for local, national, regional and international organizations that want to promote equitable, participatory and sustainable development practices.

Contact: 125 metros al sur de Spoon, contiguo al Gimnasio Olímpico, Los Yoses. San José, Costa Rica. Tel: (506) 283-2726; Fax: (506) 283-2748; Email: info@acceso.or.cr; Web: www.acceso.or.cr

Center For Civil Society Studies, Johns Hopkins University, USA

Contact: Carol Wessner, Center for Civil Society Studies.
Tel: (410) 516-5389; Fax: (410) 516-8233; Email: cwessner@jhu.edu;
Web: www.jhu.edu/~ips/Programs/ThirdSectorProject/partnering99.html

Center for the Study of Philanthropy, City University of New York, United States

Over the years the Center has developed a variety of courses for the undergraduate and graduate curriculum. They have covered a range of subjects: women and philanthropy, giving and voluntarism in American life, the nonprofit sector in international perspective, and multicultural dimensions of voluntarism.

Contact: 33 West 42nd Street, Room 1525 GB, NY, NY 10036, USA;
Tel: (212) 642-2130; Fax: (212) 642-2141; Email: philanthropy@email.gc.cuny.edu;
Web: www.philanthropy.org

Community Development Resource Association (CDRA), South Africa

CDRA is a South African-based non-profit, non-governmental organisation. It aims to build the capacity of organizations engaged in development and social transformation.

Contact: 52/54 Francis Street, Cape Town, Tel: (27-21) 462-3902,
Fax: (27-21) 462-3918; Email: cdra@wn.apc.org

Development Resources Centre, South Africa

The DRC offers the following services to CBOs, NGOs, communities, donors, government departments and other development stakeholders: advocacy training and strategy development, organizational development and capacity building, community work and organizational development course, conference organizing and documentation, research.

Contact: 15 Floor, Longbank Building, 187 Bree Street, Johannesburg 2000
P O Box 6079, Johannesburg, 2000, Email: drc@wn.apc.org,
Tel: (27-11) 838-7504; Fax: (27-11) 838-6310; Web: www.drc.org.za

Getulio Vargas Foundation, Center for Third Sector Studies, Brazil

(Fundação Getulio Vargas, Centro de Estudos do Terceiro Setor)

The Center offers instruction, training, research and assistance to organizations from the third sector.

Contact: FGV-EAESP, Av. 9 de Julho, 2029 01313-902, São Paulo SP Brazil,
Tel: (55-11) 281-7892; Fax: (55-11) 284-1789; Email: cets@fgvsp.br;
Web: www.fgvsp.br/cets/

Global Partnership For NGO Studies, Education And Training

The Global Partnership for NGO Studies, Education and Training is a consortium of educational centres established by BRAC from Bangladesh, Organisation of Rural Associations for Progress (ORAP) from Zimbabwe and the School for International Training (SIT) from USA.

The Global Partnership builds organisational capacity through comprehensive diploma and masters degree programme which are specifically designed around the realities of NGO leaders at all levels from the grassroots to the global.

Contact: Dr Salehuddin Ahmed, BRAC. Tel: (880) (2)988-1265;
Fax: (880) (2) 88-3542; Email: tdbrac@bdmail.com.

Indiana University Center on Philanthropy, USA

Courses include: Principles And Techniques Of Fundraising

Contact: IUCP Tel:(1) (317) 274-7063/962-6692; Fax: (1) (317)684-8939;
Email: tfrs@iupui.edu; Web: www.philanthropy.iupui.edu

Institute Of Development Studies, India

Courses such as Public Intervention for Poverty Reduction

Contact: Pradeep Bhargava. Email: pradeep@idsj.org; Web: www.idsj.org.

International Fund Raising Group, United Kingdom

To complement and build on the regional fund raising workshops all around the world IFRG has developed a series of training courses which deliver in-depth training in specific areas and aspects of fundraising. The programme consists of four separate training courses, each for a maximum of 30 participants. The topics covered are:

- The fundamentals of fundraising
- Raising funds through direct mail
- Raising funds through events
- Raising funds from the corporate sector

Each course lasts from two to three days. If required, any two courses can be delivered consecutively over a five day period.

All four courses are practical and very participative. Tuition is mixed with individual and group exercises. Each course is conducted by a highly qualified trainer specially trained in the use of the course materials and supported by a local counterpart trainer able to relate the course content to the local culture.

Contact: Tel: 44 (0)171 587 0287; Email: wwp.ifrg@dial.pipex.com.

International Institute For The Urban Environment, Netherlands

Courses include Making (IT) Work - Action Plans for Local Sustainable Jobs.

Contact: Kim Oostveen, International Institute for the Urban Environment (IIUE).
Tel: (31) (15)262-3279; Fax:(31) (15)262-4873; Email: oostveen@urban.nl;
Web: www.urban.nl.

International NGO Training and Research Centre, United Kingdom

INTRAC, the International NGO Training and Research Centre, was set up in 1991 to provide specially designed training, consultancy and research services to organisations involved in international development and relief. Our goal is to improve NGO performance by exploring NGO policy issues and by strengthening NGO management and organisational effectiveness.

INTRAC believes in the importance of NGOs as alternative and independent actors working for sustainable development in a just and civil society. INTRAC also believes that NGO values of social justice, empowerment and participation of the poorest and most marginalised groups need to be protected and extended within wider society. INTRAC contributes to this objective by strengthening the organisational and management capacity of NGOs, analysing global NGO trends, and supporting the institutional development of the sector as a whole.

Contact: INTRAC, P.O. Box 563, Oxford OX2 6RZ, UK.
Tel: 44(0)1865 201851; Fax: 44(0)1865 201852; Email: intrac@gn.apc.org;
Web: www.intrac.org/

London School Of Economics, United Kingdom

Msc in Voluntary Sector Organization, and Msc in the Management of Non-Governmental Organizations designed for senior staff of NGOs in developing countries.

Contact: Dr David Lewis, Lecturer in Non-Governmental Organizations.
Email: cvo@lse.ac.uk

Third International Rural Development School, Ireland

Contact: Caoilinn deBairead, Carrefour Galway, Department of Economics, National University of Ireland. Tel: (353) (91)52-4411;
Fax: (353) (91) 52-4130; Email: caoilinn.orourke@nuigalway.ie;
Web: lang1.nuigalway.ie/ruraldevelopment/.

Appendix 4: Internet Resources

For those who have access to it, the internet is an excellent medium for obtaining information. The following sites may be useful to foundation staff. Please note that internet addresses change frequently.

ON-LINE JOURNALS AND PUBLICATIONS

ASHOKA's Changemaker Journal—a journal of volunteerism with a special section on Creative Resourcing where social entrepreneurs can exchange local strategies.

Web: www.changemakers.net/

Chronicle of Philanthropy

Web: www.philanthropy.com

development—Journal of the Society for International Development

Web: www.sidint.org/publications/development/96-2.htm

e-CIVICUS—the email bulletin of the World Alliance for Citizen Participation

Email: news@civicus.org to register

NGO News—A Newsletter for Central and East European Non-Governmental Organizations

Web: www.ngonet.org/ngonews5.htm/

The Nonprofit Times

Web: www.nptimes.com

Philanthropy Journal Online

Web: www.pj.org/

Sustainability Review - A bi-weekly newsletter on ideas, tools, and successful stories involving people, places, and organizations in experiences of sustainable development.

RELEVANT RESOURCE ORGANIZATIONS

All Charities.com.

Web: www.AllCharities.com

Alliance for Nonprofit

Web: www.allianceonline.org

Association for Research in the Voluntary and Community Sector (ARVAC)

Web: www.arvac.org

Business for Social Responsibility

Web: www.bsr.org

CAF Online.

Web: www.changemakers.net

Canadian Foundations Online

Web: www.charityvillage.com/nonpr/nonpr17.html

CIVICUS

Web: www.civicus.org

Corporate Citizenship Unit at Warwick Business

Web: www.wbs.warwick.ac.uk/ccu

Council on Foundations

Web: www.cof.org

The Echoing Green Foundation Resource Center

Web: www.echoinggreen.org/resource

The Esquel Group Foundation

Web: www.esquel.org

The Ford Foundation

Web: www.fordfound.org

The Foundation Center

Web: fdncenter.org

Funders Online - building Europe's online philanthropic community. This is an initiative of the European Foundation Centre, aims to promote the use of Internet technology among independent funders in Europe and to create a single point of reference to Europe's philanthropic community.

Web: www.fundersonline.org

Grants Information Center - University of Wisconsin at Madison

Web: www.library.wisc.edu/libraries/Memorial/grantshp.htm

Grantsmanship Center

Web: www.tgci.com

GrantsWeb

Web: web.fie.com/cws/sra/resource.htm

Guidestar - This site provides a guide and Internal Revenue Service information about more than 600 000 charities and nonprofit organisations.

Web: www.guidestar.org

Independent Sector - IMAFG—this site provides many links to associations of grantmaking organizations.

Web: www.indepsec.org

International Association of Grantmakers

Web: www.imag.org

International Center for Not-for-Profit Law
www.icnl.org

International Institute for Democracy and Electoral Assistance (IDEA)
www.idea.int/turnout/

International Youth Foundation
www.iyfnet.org

National Committee for Responsive Philanthropy
www.ncrp.org

NGO Books
www.ngobooks.org

Nonprofit Nuts and Bolts
www.nutsbolts.com

Non-Profit Resources Catalogue - Grants and Funding Sources
www.clark.net/pub/pwalker/Fundraising_and_Giving/Grants_and_Funding_Sources

The On-line Community Action Technical Assistance Exchange
clubs.yahoo.com/clubs/commactiontechassistexchange

Pact
www.pactworld.org

Support Center for Nonprofit Management
www.supportcenter.org/sf

The Synergos Institute
www.synergos.org

Web-based Grant Applications
www.cof.org/foundationnews/0799/grantapps.htm

Women's Net
www.womensnet.org.za

WomenWatch - United Nations Internet gateway to global information about women's concerns, progress and equality.
www.un.org/womenwatch

REFERENCE SITES

Africa Policy Information Center

Web: www.africapolicy.org/

Directory of Funders to Latin America

Web: www.synergos.org/globalphilanthropy/bd/

Eye on Africa—a US independent source of political, economic, strategic intelligence, and investigative reporting

Web: www.EyeOnAfrica.com

Foreign Aid and Development from the Latin American Perspective

Web: www.rcp.net.pe/cti

The Foundation Center's Foundation Finder

Web: lnp.fdncenter.org/finder.html

Grant-proposal Writing Sites

Web: nonprofit.tqn.com/msubgra.htm?pid=2770&cob=home

Latin American Network

Web: info.lanic.utexas.edu/

Progressive Foundations Database

Web: www.progressivepubs.com/foundations/

United States Information Service

Web: www.usia.gov/usis.html

FORUMS

Civnet—International Resource for Civic Education and Civil Society

Web: civnet.org/

Institute for Global Communications—Internet resources and information for progressive organisations emphasising peace, economic and social justice, environmental protection and conflict resolution are available at this site. News, newsgroups, mailing lists and links to over 15 000 networks and activists are also provided.

Web: www.igc.org

NGO Worldline—a place on the Web for and about the international community of non-governmental organizations.

Web: www.sover.net/~paulven/ngo.html

Oneworld.net—connect to a better world

Web: www.oneworld.org/

Peoplink—A Nonprofit Global Marketplace

Web: www.peoplink.org/scripts/web_store/web_store.cgi