WINGS
WORLDWIDE INITIATIVES FOR GRANTMAKER SUPPORT

VOLUME 1 Philanthropy in a Global Community

Case Studies of Grantmaker Associations Around the World

with an Introductory Essay on the value of grantmaker associations

Edited by Jayne Millar Wood with an Introductory Essay by Barry D. Gaberman

WINGS

Worldwide **IN**itiatives for **G**rantmaker **S**upport (WINGS) is a network of some 100 membership associations and philanthropy support organizations serving grantmakers in more than 70 countries. These organizations have joined together to create opportunities to learn from and support one another, develop modes of communication and collaboration and contribute to the strengthening of philanthropy worldwide. **W**orldwide **IN**itiatives for **G**rantmaker **S**upport - Community Foundations (WINGS-CF) is a part of the WINGS global network and includes organizations supporting the development and work of community foundations in different areas around the world. The principal funders of WINGS and WINGS-CF are the Ford Foundation and the Charles Stewart Mott Foundation. Additional information about WINGS and WINGS-CF can be found on the WINGS website, www.wingsweb.org.

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Case Studies of Grantmaker Associations Around the World:

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Case Studies of Grantmaker Associations Around the World:

Preface

Philanthropy in a Global Community is a two-volume publication of case studies on the work of grantmaker associations and philanthropy support organizations. Volume 1, *Case Studies of Grantmaker Associations Around the World*, includes seven case studies that profile ten associations supporting grantmakers at the multinational (regional), national, or subnational level. Volume 2, *Case Studies of Organizations Supporting Community Foundations*, describes the work of eight organizations that promote and support community-based philanthropy.

The purpose of this volume on grantmaker associations is to share the "stories" of the establishment and evolution of a representative group of associations and draw lessons from their experiences that will be useful for both existing and new associations in enhancing their capacity to promote and support philanthropy. It begins with an Introductory Essay by Barry Gaberman on the role and value of grantmaker associations. The essay focuses on the significant contribution these associations make to the growth of philanthropy and the expansion of civil society overall.

An Overview of the seven case studies follows the Introductory Essay. It includes a summary of the organizational characteristics of the associations and an analysis of the common challenges they have faced and ways they have addressed these challenges. The wisdom distilled from the broad experiences of these associations is drawn together at the conclusion of the Overview in a set of *Guidelines for Grantmaker Associations*.

The associations selected for the seven case studies reflect both the commonalities and the differences to be found among the more than 70 membership associations of grantmakers around the world. These associations are differentiated by geography, historical and political context, by size and type of membership, and by stages of organizational development or maturity. They are united by their common commitments to promoting philanthropy at the local, national and/or regional level and to serving the needs of grantmakers. They all aim in various ways to professionalize the craft of grantmaking and to bring new perspectives to their members regarding the art of giving money and other resources to benefit those in need.

The writing of the case studies took place in late 2001 and in 2002. In nearly all cases, the writers were either staff or board members of the associations represented. They were given a general outline for writing their case studies. The guidelines provided a common framework for telling the associations' stories, but allowed for considerable flexibility in content and approach.

Each case study is divided into three sections. The first provides a brief history of the association and the context in which it operates. It also summarizes the organizational structure and governance of the association, how it is financed and its principal activities. The second section focuses on the issues and challenges the association has faced, how it has addressed these issues and, in some cases, its evolutionary process as an association. The final section of each case study sets forth guidelines or lessons learned about establishing and managing a membership association of grantmakers.

The writers drew on their own knowledge and experience and on that of their staff and board colleagues in preparing the first drafts of the studies. For some this was an iterative process that encouraged reflection not only on the process of establishing and governing an association of grantmakers, but also on the real progress that each has seen. The Editor worked closely with the principal writers throughout the process of producing the case studies. Second and, in some cases, third drafts of the case studies were prepared. The Editorial Committee reviewed the drafts and provided comments before a final draft of each case study was prepared for publication.

December 2002

Jayne Millar Wood, Director, WINGS, 2000-2002

WINGS is grateful for the time and commitment of the writers, the staff and board members of each of the associations that participated in this case study project. They are identified by name at the beginning of each case study. Collectively they have made valuable contributions to the repertoire of knowledge about this part of civil society. In addition, WINGS appreciates the contributions of the Editorial Committee, Barry D. Gaberman and Gaynor Humphreys, and WINGS staff members, Gina Estipona and Bill Walker, who contributed to this effort in many ways. Josie Thompson and Kathy Hensley, independent consultants who worked on this project, ensured that this book met the highest standards of design and copy editing before it was published. Finally, WINGS is grateful to the Ford Foundation and the Charles Stewart Mott Foundation for their generous support of WINGS and this case study project.

About the Editor:
Jayne Millar Wood served as WINGS' first Director from 2000 through 2002. Prior to her work with WINGS, she was the President/CEO of an international management consulting firm. She has worked extensively on international development issues and programs around the world and has served as an officer and member of the Boards of Directors of both grantmaking and grantseeking organizations (NGOs) in the United States.

Case Studies of Grantmaker Associations Around the World:

Introductory Essay

Grantmaker Associations: Enhancing the Effectiveness of Grantmakers

Grantmakers can be said to represent the organizational building blocks of civil society. They can help ensure that some components of an enabling environment will be put in place. They can provide resources for civil society institutions to undertake their activities. They can help them build their institutional capacity so they can implement these activities more effectively. They can require that the results be assessed and therefore help to build confidence in the institutions of civil society. There are, however, not enough foundations to do all that is necessary and there is only so much that foundations can do acting on their own.

An increasingly common answer to this dilemma is for foundations to look to philanthropic support organizations for help, and especially for national groupings of foundations to form *associations* to strengthen and support their work. This essay reviews the growing trend in the creation of these support organizations, explores the roles they play in the civil society sector, and describes the value they add.

There are essentially three types of philanthropic support organizations. The first includes philanthropic support organizations that are membership-based.

There are some 70 membership-based grantmaker associations around the world at the multinational (regional), national, and subnational levels. Some of these associations serve both grantmakers and grantseekers; others serve only grantmakers, but serve all the different types of grantmaking organizations. A small number of associations target support to a particular type of grantmaker, such as corporate giving programs or community foundations.

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Most have been started by grantmakers themselves, recognizing both their shared needs and those of the overall field of philanthropy in which they operate.

The other two types of philanthropic support organizations are not membership-based. One type includes general purpose support organizations, such as philanthropic centers that operate as information clearing houses, collect data, conduct research, provide training, or mobilize resources. The other type encompasses a growing number of special purpose support organizations that provide

technical assistance in a number of specific areas. The things that these nonmembership-based philanthropic organizations do often overlap with the work of associations of grantmakers. It is interesting to note, however, that while these support organizations that are not membership-based are often quite visible—just as the grantmakers themselves have a certain visibility—the sun seldom shines on associations of grantmakers.

If one steps back and squints, one can catch a glimpse of a global philanthropic movement. The day is approaching when every piece of geography in the world will be covered by a community foundation; when all corporations will take it as good business practice that they must go beyond their stockholder responsibility to their social responsibility to stakeholders; when people of wealth will consider it intuitively obvious that they must give back some of their private wealth for public purposes; and, equally important, when all these community, corporate, and private grantmakers will be represented by a grantmaker association.

Until that day is here, however, we have much work to do and a great deal of it can be accomplished with the help of associations of grantmakers. The following paragraphs describe what these grantmaker associations do, why they are important, and some of the lessons we can derive from their development experience. This introductory chapter has the purpose of shining some light on these associations. The case studies that follow will, I hope, illuminate their work further.

I see the role of associations as potentially covering nine core activities.

1. At the heart of any association is the fact that it provides **services to its members**, including information, research, sharing good practice in fundraising, investment and governance, and the use of technology. While an association provides some services directly, none can provide all the services directly. For that reason, we have the common practice of outsourcing—usually to other types of nonmembership-based support organizations.

2. An important activity of an association is its **convening** function. The most common and traditional form of this is the regular conference (usually annual) that brings members together. These gatherings provide an opportunity to renew relationships, share experience, assess collaboration, and rekindle the spirit of being involved in a common purpose. The convening function, however, can also be used in other ways. It can pull together grantmakers interested in a particular substantive area to share information and strategy. These "interest" or "affinity" groups are popping up at more and more of the associations around the world. Convening can also provide an opportunity for grantmakers to meet with colleagues outside the philanthropic sector, e.g., with grantseekers and those in the business and public sectors. Such meetings have often been quite fruitful and can lead to constructive, long-term collaborations.

3. Most associations provide **training** for their members, either directly or by commissioning it. All grantmakers strive to be more professional, whether in the way they offer funding or in the move towards more strategic grantmaking. This requires a professionalization of the grantmaking staff and a more sophisticated approach to the development of grantmaking, both areas where an association's support can be effective.

4. The establishment of a **code of ethics or best practice for grantmakers** is most interesting, because while it is often seen as an area of complexity and some contentiousness, it is almost universally present among grantmaker associations worldwide.

All recognize that a code of ethics or best practice is at the heart of accountability and without accountability one cannot gain the trust of the broader society.

For these associations, adherence to the code is the price of membership. In some cases, the code has specific procedures to take away membership from proven violators. Almost all associations wrestle with the fact that a nonmember engaged in inappropriate behavior will affect them all, since the public is unlikely to distinguish between the behavior of a member of the association and a nonmember.

5. Seen as crucial by most associations is their involvement in **promoting an enabling environment** for civil society and for grantmaking organizations. Many states still view civil society from a national security perspective rather than an enabling perspective. Existing laws are often vague, inconsistent and administered by multiple jurisdictions. Tax treatment varies but is generally limited. Many associations operate in environments that constrain their members in legal and fiscal terms.

6. Associations provide **representation and protection** to grantmaking organizations and their interests in the public policy arena. This work often looks beyond the interests of grantmaking organizations themselves to the interests of other civil society organizations.

7. A consideration of most associations is the **promotion of philanthropy and the culture of giving** in the society in which they work. While every society has a rich set of traditional giving mechanisms, they are often charity-oriented, limited in what they support and, at times, too geographically constrained. This, combined with the attitude in many places that meeting needs is the responsibility of government, means that a more general purpose culture of giving will be in its infancy. Yet a supportive context is vital if we are to reach a day when the institutions of civil society are supported primarily by national, rather than foreign, sources.

8. Philanthropy exists in a particular contextual reality. Associations could carry out all of the above activities but still not ensure the sustainability of philanthropy unless they **communicate** its value to society, to the general public and to policymakers. Associations must learn how to communicate grantmakers' stories. They must work with the media as an ally in telling these stories and making the case for philanthropy in a way that is informative, professional and focused on the cause.

9. Finally, and particularly in lower-income countries, associations can provide a **gateway** through which foreign funders can establish and support productive working relationships with grantmakers, grantseekers and philanthropy support organizations. These civil society organizations need financial support, but not all of them will have contacts with potential international donors. Associations can be helpful in this regard.

To this point, we have focused on what can be called the instrumental purposes of an association of grantmakers, but of course, those people building associations to serve grantmakers see them as a means to a greater end—the support of grantmakers to make them more effective in pursuing their purpose or mission. That mission might be to enhance the livelihoods of the poor, to advocate for human rights, to improve access to education, to support the arts, or any number of other worthy pursuits. Whichever of these is the mission of grantmakers, however, the chosen instrument for working on these endeavors is through the institutions of civil society. These institutions:

- Provide services, often to the most disadvantaged, isolated and marginalized segments of our populations;
- Educate and train us throughout our lives;
- Conduct independent policy analysis and assessment;
- Engage in advocacy to make sure that people's dreams and demands are heard;
- Strengthen awareness, identity and enjoyment through artistic expression and cultural understanding.

To achieve their goals, *how* civil society organizations operate is as important as what they do. The best of them, in every cultural context, welcome participation, promote tolerance, enhance inclusion and, through their participation in civil society organizations, help people build skills. While not all civil society organizations do all these things, those which build social capital seem to have these attributes in common.

If a vibrant civil society is to develop, it requires an enabling environment which includes at least five elements:

- *A legal framework that empowers groups rather than shackles them;*
- *A tax structure that provides incentives, not penalties;*
- *The availability of resources to undertake activities;*
- *The institutional capacity to implement effective activities;*
- *A system of accountability that builds confidence and trust in the institutions of civil society.*

This is where the value of the association becomes evident: associations enhance civil society institutions by helping to build effective grantmakers and by being attentive to the broader contextual issues noted above.

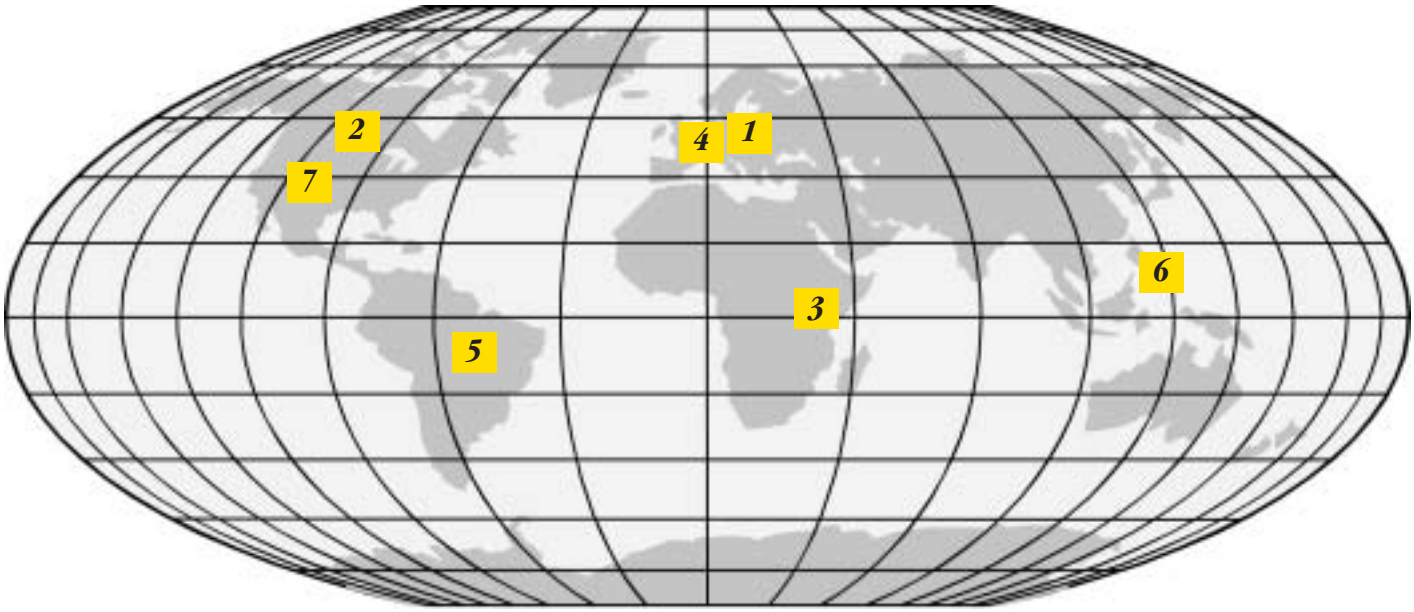
Associations themselves need support and assistance in facing many challenges to their development. The case studies included in this book share some of the dilemmas they face. One has been mentioned already—how strict to be in requiring members' adherence to a code of ethics. Another is to judge how early in their organizational development to take a position on public issues.

Virtually all face challenges in finding adequate sources of funding for the work their philanthropic community needs them to do. Support for groups that make up the infrastructure of civil society and its philanthropic "slice" has never been lavish. In the United States, there are probably fewer than two dozen funders and less than US$200 million a year spent on such infrastructure, with no more than 15-20 percent of this being spent outside the United States. It is probably true that the infrastructure, at least in the United States, grew without much concern about duplication or sustainability during the 1980s and 1990s. More recently, resources have dropped significantly and a few, large generic donors have left the field. We are in a shake-out period where a number of infrastructure organizations will cease to exist, many more are downsizing, and some will either have to merge or build cost-saving strategic alliances. In this period of consolidation, it will be critical to the development of civil society that the elements of the infrastructure related to philanthropy continue to receive financial support.

Through my work with the Ford Foundation and especially through my chairmanship of WINGS, I have had first-hand experience with grantmaker associations and know how much they are doing for themselves by supporting each other across national boundaries. I believe that together they are developing a road map for promoting philanthropy around the world. A leader in one national association recently said: "Participation in international networks of grantmaker associations significantly helps an association to obtain knowledge and an overall vision of the sector and to expand its perspective." The case studies in this volume, along with those in a companion volume on organizations supporting community foundations, exemplify how generous the associations are in sharing solutions and working together on issues of common interest, such as codes of conduct.

The associations' links with each other also emphasize how the global infrastructure for philanthropy is evolving. The growth in their numbers and scope of work indicates their utility and the increased demand for the significant roles they play. More and more, people are seeing the importance of a healthy civil society sector in assisting in the development of a vibrant and participatory society. Policymakers are also becoming sensitive to what it takes to maintain a healthy civil society. Foundations and other grantmakers are joining or forming associations to enhance their own effectiveness.

The grantmaker associations' contribution to building this infrastructure for civil society is what makes them so important.



1 Czech Donors Forum

2 Community Foundations of Canada

3 East Africa Association of Grantmakers

4 European Foundation Centre

5 GIFE—Grupo de Institutos, Fundações e Empresas

6 The League of Corporate Foundations

7 Regional Associations of Grantmakers

Case Studies of Grantmaker Associations Around the World:

An Overview

Drawing Wisdom from Experience

I *Introduction*

At the end of 2002, there were over 70 *membership-based* associations of grantmakers around the world, including 28 regional associations of grantmakers in the United States.[1] These associations serve foundations and trusts in more than 40 countries and play a vital role in promoting and supporting philanthropy in its many forms. Each of these associations has a "story" to tell about its establishment and institutional development over time, the challenges it has faced and overcome and the lessons learned from gathering grantmakers together to generate resources, enthusiasm and purpose for philanthropy. The purpose of this book is to share these stories and to highlight the lessons learned for use by others. Each of the case studies included here opens a window on the opportunities and challenges of fostering one part of civil society— philanthropy—in varied political, economic and legal contexts.

This Overview summarizes the key findings and conclusions from the case studies. The lessons learned are drawn together at the end of this Overview in a set of *Guidelines for Grantmaker Associations*. It is hoped that this volume, and its companion, *Philanthropy in a Global Community: Case Studies of Organizations Supporting Community Foundations*, will help foundations and donors, the broader nonprofit community and the general public, governments and multinational agencies alike to better understand the work of these associations and the contributions that they are making to the growth and sustainability of civil society around the world.[2] It is also hoped that it will serve as an inspiration and stimulus for grantmakers in other countries to consider starting an association of grantmakers.

Associations of grantmakers vary greatly in their experience and expertise. They exhibit dramatic differences in scale and in the length of their experience. At one end of the continuum is the Council on Foundations in Washington, DC, which was established more than 50 years ago, has over 2,000 members and a staff of 100. At the other end is the newly incorporated Consorcio Ecuatoriano para la Responsabilidad Social (Ecuadorian Consortium for Social Responsibility (CERES), which was

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[1] *A number of associations also sponsor membership-based affinity groups that bring together foundations which share a common interest in a topic, issue, or geographic region. Some of these affinity groups are independent, incorporated organizations with their own staff, funding etc; others are more informal groupings. For example, there are 37 affinity groups associated with the U.S.-based Council on Foundations. Many of the associations profiled in these case studies also sponsor affinity groups for their members. Additionally, in 2000 the Forum of Regional Associations of Grantmakers and the Charles Stewart Mott Foundation began a collaboration to document the foundation associations, in addition to regional associations of grantmakers, that operate at the sub-national level in the United States. This effort has uncovered almost 250 funder networks. See* The Need to Network: Toward a Landscape of Foundation Associations *by Lucy Bernholz and Kendall Guthrie, Washington, DC, 2003.*

[2] *Copies of the two volumes on* Philanthropy in a Global Community *may be obtained by contacting the Director of WINGS through the website, www.wingsweb.org.*

formally incorporated in 2002, has 11 members and is in the process of establishing its office and program. More than half of the associations have been established since 1990. Not surprisingly, the majority of the associations (75 percent) are located in North America and Europe. Their annual budgets range from US$15 million to less than US$30,000. The more established associations rely on multiple sources of income, particularly on membership dues, sales of products and services and grants to meet their annual budget needs; the newer associations rely almost exclusively on grants from members and external donors for these purposes.

As this case studies project revealed, whatever "stage" of development the associations are in and regardless of the context in which they operate, they generally face common issues and challenges in their quest to expand charitable giving, strengthen the effectiveness of their members and improve public awareness and understanding of the role and contribution of foundations and trusts to civil society.

This volume tells the stories of ten associations. Four of the studies profile *national* associations; two describe the work of *multinational* associations; and one case study summarizes the work of four, *subnational* associations of grantmakers that bring together foundations at the city, state or multistate level within one country. The associations included in this volume were selected as "case studies" because they represent different modes of formation, different regions in the world, different stages of development and/or different foci in terms of their membership.[3]

The **Czech Donors Forum** is a small, nationally-based association that began as an association of external (foreign) donors providing development assistance to the Czech Republic. It gradually transformed itself into an independent association of indigenous donors. The **European Foundation Centre (EFC)** is a multinational association with member foundations from more than 40 countries. It was started with considerable outside donor support, but has developed into a truly international association of foundations and trusts serving grantmakers throughout Europe. The **East African Association of Grantmakers** is also a multinational association. It is an "emerging" association whose story represents in many ways the experience of other new associations founded in recent years or currently in formation. Its members are drawn from three countries—Kenya, Uganda and Tanzania. All three of these associations limit their membership to grantmaking foundations.

The **Grupo de Institutos, Fundações e Empresas (GIFE)** is a national association in Brazil that serves *both* grantmakers and grantseekers. It has developed a program and services to meet the needs of both groups; it also provides a forum wherein these groups with sometimes differing objectives can work productively together. The **regional associations of grantmakers** in the United States are subnational organizations that generally serve either a single city, a state or a multistate region. They are a part of a larger, national network, the Forum of Regional Associations of Grantmakers. This case study provides "snapshots" of four regional associations as a part of the overview of this subset of U.S. grantmaker associations.

Two of the case studies describe national associations of grantmakers that serve particular grantmaker constituencies within their respective countries. The **League of Corporate Foundations (LCF)** in the Philippines serves corporations with grantmaking and social responsibility programs. **Community Foundations of Canada (CFC)** provides support for community foundations and promotes community philanthropy. Each of these associations has the advantage of being able to focus its attention on only one type of grantmaker and to tailor specific programs to meet its needs.

[3] *A complete list of grantmaker associations in the WINGS network can be found on the website, www.wingsweb.org.*

II *Organizational Profiles*

The case studies describe the context in which the membership association was conceived, nurtured and formally registered as a legal entity. They describe the socio-economic and political conditions of the country and the legal and regulatory frameworks in which the association has developed. There are traditions of giving in support of the poor and disenfranchised in each of the countries represented by the associations presented here. However, those traditions and attitudes about giving vary by culture and are circumscribed by historical experiences and socio-cultural norms.

In some countries, the word "philanthropy," which is the term commonly used in the United States to describe a range of grantmaking activities, is not the word which best describes the work carried out by foundations in other countries. Indeed, in some countries, the word "philanthropy" often lacks legitimacy or carries negative historical connotations and is rarely used. While the motivation for giving is similar across all countries, the means of giving goods, services and monies to others vary considerably. In many countries philanthropy is understood only in the narrow sense of "charity." Grantmaker associations are helping to broaden that understanding to include social investment and social change.

The formal **establishment** of most of the associations featured in this volume occurred in the 1990s. The emerging association in East Africa will be formally launched early in 2003. Some, like Community Foundations of Canada and the European Foundation Centre, had their beginnings in the late 1980s though they were not formally incorporated until later. The Forum of Regional Associations of Grantmakers in the United States was founded in 1996, though all but one of its member associations were established before 1990.

Economic and political contexts have had an impact on the timing and the manner in which the associations developed.

The establishment of both the European Foundation Centre and the Czech Donors Forum followed the fall of the Berlin Wall in1989. In the Philippines, the People Power Revolt of 1986 expanded the social and political "space" for civil society. Ten years later the League of Corporate Foundations was able to take full advantage of new opportunities for cooperation between the government, civil society and the private sector. GIFE too was created during Brazil's redemocratization process. Its initial group of business and foundation leaders came to a growing realization that the Brazilian state was not able single-handedly to satisfy the country's numerous social demands and that the private sector had to play a bigger role in this regard.

The **mission or purpose** of each association is quite similar. They seek to provide support and services to foundations, promote and strengthen organized philanthropy and cultivate the culture of giving. Several of the associations have specific goals related to promoting particular sub-sectors of philanthropy such as community foundations or corporate philanthropy. Additionally, each has developed its own code of ethics or set of principles of good practice to guide the work of its members by making explicit a set of common values. Commitment to the code generally becomes a criterion or standard for membership and helps to improve the professionalism of the association and its members.

The associations vary significantly in **size** of membership. The largest national and regional level associations profiled, the CFC and EFC, have 120 and 211 members respectively. The membership of the other associations ranges from six to 66 members. The 28 subnational regional associations of grantmakers in the United States collectively serve nearly 5,000 member foundations. The smallest of these regional associations serves 41 members, the largest nearly 500.

There are many common elements in the **governance** of these associations though their governing Boards vary in size and complexity. Board members are elected by the membership or by the Board itself and usually serve for a set term of office. With few exceptions, they are representatives of grantmaking organizations. Some associations also have smaller advisory Boards and/or a number of committees that oversee, and in some cases implement, various aspects of the association's work. Officers are elected from among the Board members. Association staff

provide support and services both to the Boards and to the different committees of the Boards. The governing Boards, and in some cases the full membership, make decisions about membership criteria, program and budgetary issues. They usually select the chief executive officer and have responsibility to oversee the work of the association.

The **budgets** of these associations vary considerably as shown in Table 1. There is no simple relationship between the number of members and annual budget requirements. However, as membership grows, there is generally a need for more staff to deliver more services to the members. Additionally there is considerable differential in cost structures by region which affect the size of the budget in relation to the number of members. Each of the associations profiled has had to develop various sources of funding to support its work. The more established associations generally have more diversified sources of funding. In addition to membership dues, they often offer services and products for a fee. All of the associations rely on grants, either from their members or external donors (often from other countries), for special projects. Some also depend on grants to underwrite significant portions of their operating budgets.

TABLE 1

Association	Date of Incorporation	Number of Members	Annual Budget[4] (US $)
Czech Donors Forum	1997	30	$175,000
Community Foundations of Canada	1992	120	$1,000,000
East Africa Association of Grantmakers	2003	12-15[5]	$ 40,000
European Foundation Centre	1996	211	$2,920,000
Grupo de Institutos, Fundações e Empresas	1996	66	$740,000
League of Corporate Foundations	1996	50	$40,774
Regional Associations of Grantmakers	Various	41-500 (range)	$27,000-$12m

The associations provide a wide variety of **services** to their members, the amount and type being generally in proportion to the size and maturity of the association. In addition to providing a safe meeting ground for grantmaking members to exchange information, seek advice and develop networks and partnerships, the services associations may offer include some, but usually not all, of the following:

- Information and communication (newsletters, website, membership directories).
- Professional development and training workshops and seminars on topics of interest to their members. Topics may include association governance, fundraising and financial management, communication with the public and the media, technical skill training, best practices in grantmaking.
- Research on the philanthropic sector, including surveys and the development and maintenance of databases.
- Technical assistance provided by association staff or consultants.
- Public policy analysis, information and advocacy on behalf of members and the broader nonprofit sector.
- Information, training and technical assistance for *grantseeking* organizations, including seminars, directories, libraries, resource centers and online services.
- Education programs on philanthropy for the general public.

All of the established associations hold national or regional conferences, most on an annual basis, for their membership. Some invite other organizations from the nonprofit sector to participate. These meetings provide opportunities for the membership to convene and address important issues, both internal and external to the association. They also provide an opportunity for members and other invitees such as public officials, donors and/or grantees to exchange ideas, discuss best practice and form partnerships. These conferences serve not only to convey the most recent information about the legal and regulatory environment, good grantmaking practices and technical skills, but also to excite and energize members and provide an opportunity for members to become better acquainted with the work of their colleagues in other foundations.

[4]Budget numbers are approximate for the years 2002 or 2003.
[5]Estimated number of members at the "launch" of the association.

Many of the established associations have also provided "links" to the broader global philanthropic grantmaking community through their involvement in WINGS and other transnational organizations and meetings. This too is a service to their members, though there might not be a direct connection between their members and the international activity. However, as the leadership of the associations join with their colleagues from other countries, their knowledge and experience in working with grantmakers is enhanced and should therefore enhance the work of their members.

III *Challenges*

Despite their many "visible" differences, grantmaker associations around the world face surprisingly common challenges and recurring issues in establishing and growing vibrant and viable associations. These issues or challenges can be divided into several categories: diversity and member services; governance and institutional development; financial sustainability; public policy and government relations; and educating the public about philanthropy. The following paragraphs explore the parameters of these challenges and provide examples of the ways different associations have addressed them.

Diversity and Member Services

A constant theme throughout the case studies is the challenge of meeting the diverse needs of the membership. Whether the diversity is a result of geography, size, ethnic or language differences, political realities, level of maturity, grantmaking focus or grantmaker type—addressing diversity is a constant for all associations.

An overall requirement of grantmaker associations is to create a unity among their members that amounts to a broad, encompassing interest in the well-being of society. To build this broad-based interest, each association must incorporate the diverse interests of various grantmakers into its overall effort. Community Foundations of Canada has faced the challenge of diversity at several levels. It has learned the value of "excellence in communications" that demonstrates sensitivity to equity issues in the midst of the diverse interests and needs of its membership. It has also hired regional coordinators to be more responsive to the diversity of its members.

The European Foundation Centre not only contends with geographic diversity resulting from its multinational membership, it is confronted with profound cultural, historical and linguistic differences as well. Building a "European" philanthropic consciousness, even defining the meaning of "Europe," has been an enormous task. Additionally, the word "foundation" has different meanings in different countries, which has made decisions about membership a major issue. The EFC responded to this situation, in part, by developing a European Code of Practice for philanthropy which has been important not only in building this "consciousness" but also in developing and unifying the membership. The new East African Association of Grantmakers has taken the same approach with the development of a Code of Ethics as part of its constitution.

In Brazil, diversity among GIFE's membership can be seen in the different stages of development, characteristics and interests of its member organizations, many of which are not grantmaking foundations. This diversity has been both an asset and a liability. The wealth of information and knowledge contributed by members has been an asset; however, the multiplicity of demands for service from the members has sometimes been a liability. In the early years, this diversity hindered the development of consensus. GIFE responded, in part, by identifying and prioritizing encompassing themes and services that affected all members.

In making the transition from an informal, donor initiative to a registered organization, the Czech Donors Forum faced divisions in its members' expectations and goals for the establishment of an association. It dealt with this challenge by revisiting its goals and membership criteria annually and bringing its members into the decisionmaking process about its work and activities. The League of Corporate Foundations (LCF) has struggled with similar issues even though it has only one type of members. Its members had different corporate mandates and, at the beginning, these affected their ideas about the objectives and purposes for the association. LCF learned early on that "cooperation and transparency" are key to the building of relationships which enable grantmakers to learn from each other and work together.

One response to diversity tried by a number of associations has been the establishment of affinity or interest groups within the association that are subject- or geographic-specific. These groups meet together to discuss problems and issues of concern and develop cooperative approaches to bring about change through philanthropy. The multinational EFC established a separate program for corporate donors, Corporate Citizenship Europe, to promote good corporate giving practices and facilitate the exchange of information and best practices among their corporate members. This program has also improved the understanding between corporations and foundations about the way each group operates and the "added value" of partnerships.

For all associations, this diversity poses a significant challenge in terms of the *provision of services* to members. Smaller associations do not have the resources to provide a broad range of services to foundations with vastly differing interests or needs. Philanthropy Northwest, a subnational association located in Seattle, Washington, worked with a consulting firm and conducted market research to develop a new array of services to address the changing needs of their existing and potential members. The EFC developed a public record, a database, on the independent donors in its membership and in the process gained a better understanding of the diverse needs of these entities so it could develop appropriate services to meet their needs. They also developed the Community Philanthropy Initiative (CPI) to promote the development of community-based philanthropy throughout Europe.

Governance & Institutional Development

All of the associations have faced the challenge of establishing standards for good governance practices to make them effective in managing their organization and its programs and to enable their diverse membership to act collectively. For each association, from the start, there is the question of why an association is necessary and how it will make a difference in the work of member foundations.

Developing vision and mission statements as well as strategic objectives for the association is an important way that members can work together to confirm their identity and establish a framework for governance and institutional development.

In most cases, the founding members have met informally for a period of time before incorporating or registering as an association. At that point, the new members are confronted with the task of establishing their governance structure, including a Board, and defining the lines of authority and loci of accountability. They have to decide how the Board will set the organization's direction, ensure the availability of adequate resources and develop appropriate policies to monitor the financial, legal and programmatic activities of the association.

Some of the associations described in these case studies have defined the "stages" of their development in terms of their evolving governance structures. The case studies on CDF, GIFE, LCF and the regional associations of grantmakers in the United States describe these stages and the various challenges and issues which they have faced at each stage of their institutional development.

One of these issues is "ownership." The differences in the size, purpose and grantmaking focus of the member foun-

dations can be reflected in their views about how the association should be governed. The incorporation process is important as it requires the members to develop a set of principles (sometimes embodied in by-laws) which will govern the association. In the case of the CDF, for example, the foreign donors were anxious to register the association formally; the Czech foundations, on the other hand, were initially reluctant and had reservations about being "overshadowed" or "controlled" by the association and its more powerful members. Gradually, the members realized the value of an association that would be "truly neutral and independent" and they proceeded with registration.

Another challenge is the definition of the roles, responsibilities and relationships between and among the members, the governing Board and the chief executive officer and other staff. Together, the members, Board and staff need to decide ways that the association's organizational direction, financial stability and oversight will be managed. The EFC, for example, has established five major policy bodies or committees to guide its work. These, in turn, report to the Governing Council made up of EFC members. The Governing Council sets and oversees the vision, mission, institutional goals and strategies of the EFC. It is accountable to the Annual General Assembly of members. Some, like the CFC, decided it was important to codify these relationships and delegation of responsibility. Hence, they prepared a set of governance documents that outline the respective roles and responsibilities of the various parties. These documents are reviewed and updated regularly.

Nearly all associations have developed a multiyear strategic plan to guide their work. Such plans derive from the vision and mission of the association and articulate the strategic objectives for both the long and short term. While the development of this plan is usually the responsibility of the governing Board, most associations have found that involving their members in the process has valuable long-term benefits in terms of their commitment and contributions to the association. For example, after 18 years of successful operation, the Donors Forum of Chicago embarked on a strategic planning process to assure that the organization remained relevant, effective and responsive to members. It encouraged a high level of member input and participation which brought the board and staff closer to member interests and needs and generated excitement about the organization's work both within and without.

Financial Sustainability

The quest for financial sustainability challenges all associations. They are effectively confronted with a "chicken and egg" dilemma. They need financial resources from the beginning to develop the services their members need, but they must develop a track record of serving their members before they can ask for money to develop needed services.

Financial stability is linked to the successful promotion of the value of the association to its members, to donors and the public.

A first step is to determine *who* has responsibility for raising funds for the association and *how* funds will be raised. Some associations rely on Board members to raise funds; others rely on staff members to develop resources. In either case, it is helpful to establish a Board committee to advise and support the full Board and/or the staff and oversee the financial activities of the association.

Typically, associations raise funds from members through dues and grants and from fees derived from the provision of services and publications. Many associations began with sizeable grants from external donors (from governments and/or foundations) and some continued to receive this support to cover their "overhead" costs for a considerable period of time. The challenge is to initiate an endowment-building process to help meet recurring costs and to find ways to generate recurring grants to support special projects and programs which will help the association grow and maintain an appropriate level of service for its members and the sector as a whole. Balancing fundraising activities with all the other day-to-day work of the association is an added challenge.

In response to these challenges, associations have developed creative approaches to fundraising. The League of Corporate Foundations asks some of its member foundations to supplement annual membership dues, defray expenses for common activities and occasionally fund special League projects. The European Foundation Centre and the Czech Donors Forum have depended, in part, on grants from external donors for a significant share of their annual income. However, both have learned that harmonizing the needs and aspirations of the members with the expectations of the donors is another challenge. The EFC

has also adopted the practice of seconding staff from its members as a cost-effective way of obtaining needed resources.

GIFE has developed an array of publications and services both for its members and for the sector overall that brings in a substantial portion of income. The regional associations of grantmakers in the United States rely on dues for 20 to 100 percent of their core budgets. Dues are generally assessed on a sliding scale according to the size of the members' assets.

Public Policy and Government Relations

In most, but not all, of the countries profiled the national legal and regulatory environment has not been particularly hospitable to foundations or to civil society as a whole.

Associations work to assure the legal status for foundations and other civil society organizations, promote tax laws to encourage and protect philanthropy and collaborate with other organizations to change the public policy environment on issues of particular concern. At the same time they must also balance their members' varied interests in advocacy for a better legal and regulatory framework for foundations with their own institutional interests in maintaining cordial and productive relations—not only with the government but also with the other NGOs with which they work.

Additionally, while some members may value an association's leadership in the public policy arena, others may view it as a "distraction" from the association's other responsibilities to members. The key is to involve members, including senior management, in the process of defining the association's policy positions.

In the Czech Republic, for example, the status of foundations was not precisely defined until a law on foundations was passed in 1997 that defined foundations as associations of assets expressly established for the achievement of socially beneficial aims. The CDF initiated and led a process to review foundation law and proposed changes which allowed foundations more advantageous investment possibilities. In the Philippines, LCF has played an important role in safeguarding the tax deductibility of corporate donations. It also helped to establish a government-approved, private sector organization to certify the tax deductibility status of NGOs.

Canada and the United States, on the other hand, have long had legal frameworks that support charitable and nonprofit activity. In both countries, the tax codes have provided incentives for individual and corporate donors, especially to charities and public foundations such as community foundations. Nevertheless, the grantmaker associations in both countries have played very important roles in monitoring changes in the tax law and in working to protect their grantmaking members as well as civil society as a whole. The work of CFC in this regard has raised the "profile and visibility" of community foundations and moved CFC into a leadership role in the nonprofit sector.

In Europe, a Legal Task Force was constituted for the purpose of promoting the legal operating framework for foundations in Europe. In this process it had to relate to legal traditions with roots in the social, political, and cultural histories of very different states. The Task Force has developed country profiles covering the legal environments for foundations in European Union Member States and is developing a model statute for foundations based on this comparative study.

Educating the Public

Grantmaker associations face a two-fold challenge in raising awareness and educating the public about philanthropy. The first challenge is to educate opinion-formers and the media to help influence the general public about the contributions philanthropy makes to society. The public in the countries profiled in these case studies generally understand only traditional charitable activity. They are accustomed to giving through their church or other faith-based institutions; they respond to natural disasters, children and employees in need.

In trying to broaden the public's understanding of the role and potential of philanthropy and the importance of social investment, associations may need to undo decades of distrust and skepticism as they seek to help "philanthropy" recover its reputation and regain respect and trust. The associations need to develop an external communications strategy for communicating the message not only about the contributions of their individual members to the community but also about the value of philanthropy overall.

Each of the associations profiled has accepted the role of public educator in one form or another. Some, like GIFE, have worked hard to develop good relationships with the media. They recognize that the media are critical allies in efforts to raise public awareness about philanthropy in general, as well as about particular forms of philanthropy such as corporate giving and community foundations. Other associations have developed publications to promote the work of foundations and good grantmaking practices and to explain legal and regulatory issues.

LCF established an annual public event (Corporate Social Responsibility Week) to promote the work of its members. CFC led a national initiative (Our Millennium) to encourage citizens to give to their communities and in the process educated the public about the work of community foundations.

The second challenge is to educate the association's members and the broader nonprofit community about the potential of philanthropy as an agent of social change. Many grantmakers continue to hold on to traditional approaches of "giving" and do not appreciate the potential of social investment. The association has a role in helping their members become better, more strategic grantmakers.

In remarks at a Latin American/Caribbean regional meeting on philanthropy in November 2002, Susan Berresford, President of the Ford Foundation, addressed the important role associations of grantmakers must play in educating their members and the public about philanthropy. She stated:

> *Charity is important and necessary, but most often charity soothes and supports, helps and holds. It does not get at root causes or change basic conditions. If grantmakers want to be an important force for change, they will have to move beyond charitable care to development objectives. [To shift from charity to change], grantmakers need to communicate to the public how modern philanthropy fits into their country's altruistic traditions.*[6]

The regional associations in the United States work to improve understanding of philanthropy by providing information, training and technical assistance to both grantmakers and grantseekers. They also provide resource centers, workshops, and online sessions as part of their efforts to educate the public about philanthropy.

These public education efforts on the part of grantmaker associations can help to mobilize society and bring new members to the association. They may also provide increased legitimacy for members and their work and help restore trust and respect for philanthropic activities.

[6]*The full text of Ms. Berresford's remarks can be found on the WINGS website, www.wingsweb.org, under the report of the Regional Meeting on Philanthropy in Latin America and the Caribbean.*

IV *Guidelines for Associations of Grantmakers: From Experience to Wisdom*

The *Guidelines for Grantmaker Associations* are drawn directly from the case studies. They reflect the experiences and lessons learned by various associations of grantmakers. It is hoped that the wisdom drawn from diverse experiences and reflected in the *Guidelines* will help new and emerging as well as established associations of grantmakers around the world to improve their effectiveness and contributions to promoting philanthropy.

"An association's path to development is not always a straight line; it can grow and plateau and grow again, or be catapulted to different levels by changing circumstances, new strategic leadership and vision or the timely addition of resources." [7]

[7] *See case study on "Regional Associations of Grantmakers in the United States."*

GUIDELINES FOR GRANTMAKER ASSOCIATIONS

Diversity and Member Services

- Develop a Board of Directors representative of the diverse membership.
- Be sensitive to language issues that may divide the membership.
- Involve members in establishing program and service priorities.
- Be communicative. Develop ways to communicate regularly with members about the work and programs of the association.
- Create a meaningful agenda for meetings and find common issues on which to concentrate, especially in the early stages of development.
- Remember that your "business" is serving members and assisting them to become more effective grantmakers. Be responsive and consistent.
- Make tangible products and services for members available from the beginning. Ensure that these products and services address the needs of the members.
- Find ways to serve the whole donor community, not just members, as a way of encouraging collaboration, exchange and good practices.
- Develop a code of ethics or standards early on to promote a set of common values or principles of good practice and participation.
- Establish affinity or interest groups for mutual exchange and collaboration.
- Consider placing regional coordinators for large geographic regions or multinational associations.
- Build a culture where members accept that not everything the association does must meet the needs of all members but can reflect the priorities of sub-sets of members.

Governance and Institutional Development

- Establish a clear vision, mission and strategic objectives at the beginning of an association. Review these periodically and make adjustments to accommodate change or new understandings.
- Create a strong and committed governance structure that provides for appropriate leadership.
- Choose Board members and officers carefully and draw upon their vision and skills in strategic thinking and planning.

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Guidelines for Grantmaker Associations *CONTINUED*

- Clarify the different roles and responsibilities of members, the governing Board and the staff in terms of their respective leadership responsibilities, authority and accountability.
- Develop objective and selective membership criteria which open the association's doors only to credible organizations.[7]
- Develop a consensus-building process with members for the deliberation of key issues related to the institutional development of the association.
- Remember that both association staff and Board members need access to professional development opportunities to keep up with trends and issues in philanthropy, association management and best practices in grantmaking.
- Consider that adding staff at critical junctures can make all the difference in expanding a regional association and enhancing its services and value to members and the community.
- Establish clear guidelines to avoid conflicts of interest among members, or between members and the association itself, and create instruments that facilitate decisionmaking and conflict resolution.
- Build consensus gradually and focus on developing services based on members' needs. Whenever possible, give leadership of projects to members while providing strong technical assistance.
- Remember that transparency and accountability are the critical elements in building trust, respect and confidence in the association and its members.

Financial Sustainability

- Develop a fundraising strategy and diversify sources of association income. Key sources of current income are member contributions and dues; fees and the sales of products and services; and grants for special projects from members and other donors.
- Work to establish an endowment for long-term sustainability and stability.
- Seek to keep the secretariat as small as is appropriate. Be sure that members recognize value for money in what their association offers.
- Consider seconding staff from member organizations for specific projects or periods of service.
- Do not spend money on unfunded projects.
- Determine the Board's role in, and responsibilities for, fundraising at the beginning. Define expectations and help members become aware of the role they can play in helping to finance association projects.
- Establish a Board committee or task force to advise and support the staff and to oversee the financial activities of the association.

Public Policy and Government Relations

- Be attentive to the changing socio-economic and political context for philanthropy and be prepared to respond to these changes.
- Choose very carefully the issues the association will support. Concentrate on issues of importance to the members, but if appropriate, keep in mind the public policy needs of the broader nonprofit sector.
- Involve members in the process of defining policy positions. Then involve key leaders in the membership when seeking to influence public policy and government officials.
- Dedicate time for conceptual discussions and the definition of policy positions which represent the members' needs and interests. Don't push too hard on public issues until the members feel ready.
- Develop partnerships with other organizations to achieve common policy objectives.

Educating the Public

- Develop a communications strategy that helps both the association and its individual members to be more effective in their work of educating the public.[8]
- Build strong relationships with the media as the main vehicle for public education about philanthropy. Remember that establishing a relationship of trust with the media is a long-term engagement.
- Contract, when appropriate, with specialized professionals who have the appropriate contacts, skills, etc. required for communications work.
- Be prepared. Seek media attention for the *cause* rather than the association's visibility.
- Prepare for a constantly increasing investment in information technology and the building and creating of knowledge.
- Participate in national and international networks to share expertise and experience, develop alliances and help to establish standards of practice.
- Develop programs for the public that will increase their involvement with philanthropic activities.
- Develop publications and other educational materials that demonstrate the social value and impact of members' programs. Highlight the individual and collective contributions of members to the community.

[7]See "Top 10 Learnings from the Prague Peer Learning Meeting on Membership" on the WINGS website, www.wingsweb.org.

[8]See the final report of the Mexico Peer Learning Meeting on "Communication Strategies and Information Technology" on the WINGS website, www.wingsweb.org.

CASE STUDIES OF GRANTMAKER ASSOCIATIONS AROUND THE WORLD:

Community Foundations of Canada

A case study of a national association of community foundations

I *Organizational Profile*

The mission of Community Foundations of Canada (CFC) is to enhance the quality of life and vitality in Canadian communities by supporting and promoting the fund development, grantmaking and leadership of community foundations. Founded in 1992, CFC has grown from an organization of 33 member community foundations to one of 120, with several more in development.

The organization was built by a small group of established community foundations that had experienced firsthand the value of the supportive network that existed in the United States. They believed that the time was right for Canada to develop its own network. The original vision was to create opportunities for Canadian community foundations to connect with and learn from each other.

That vision remains valid today, as CFC's major strategic goal is to support and connect established and emerging community foundations. Other strategic goals are to:

- Promote the community foundation movement;
- Demonstrate philanthropic leadership nationally and internationally; and
- Build CFC's own effectiveness and efficiency as a membership association.

A Board of Directors, reflective of Canada's geography, the community foundation movement and the particular areas of focus within the membership, governs CFC. A small staff of 7.5 people works from Ottawa, CFC's home base. Two people work from home offices in locations distant from Ottawa and another five Regional Coordinators are in place, mostly part-time, across the country. CFC also engages the services of numerous consultants, located throughout the country and able to work in one or both of Canada's official languages.

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WINGS
http://www.wingsweb.org

CFC has an operating budget of just over $1 million Cdn (US$647,175[1]), and project budgets of $300,000– $500,000 Cdn (US$194,150-323,600[2]) in any given year.

CFC offers a wide range of services and programs to its members, such as:

- Professional development opportunities;
- Advice, information and research;
- Conferences and consultations; and
- Technology support.

In addition, it levers resources from other funders, offers a voice on public policy matters, and connects its members to the larger voluntary sector and its issues, in Canada and internationally. From time to time, CFC spearheads large national initiatives such as *Our Millennium*, which successfully encouraged more than four million Canadians to celebrate the passage to the new millennium by joining with others in making gifts to their communities. More than 6,000 projects were recorded on CFC's *Our Millennium* website which then became the National Archives of Canada's first-ever Internet acquisition.

Canada has long had a legal framework to support charitable and nonprofit activity. There are reasonable, though some would consider far from generous, tax incentives for donors, especially to charities and public foundations such as community foundations. Philanthropy in Canada seems to pale when compared to the United States, which is the most obvious comparison, given the proximity and relationship of the two countries. Less wealth and a history of greater reliance on government in part explain the differences. Recently though, there has been a slight increase in giving, and community foundations have been among the beneficiaries. In 1994, the combined assets of Canada's community foundations were just over $555 million Cdn (US$360 million[3]); in 2002, they are at about $1.7 billion Cdn (US$1.1 billion[4]).

II *Issues and Challenges of an Association of Community Foundations*

This case study describes the successes, challenges and learnings of an association that has only one kind of grantmaking foundation as its members: community foundations. It focuses particularly on challenges faced by a young, rapidly expanding organization and its fast-growing membership.

Canada's community foundations combine the gifts of many donors for investment in income-earning funds, turn the income into grants to address community priorities, and act as a catalyst for community action. Each community foundation is independently incorporated and led by a local volunteer Board of Directors. Community foundations are autonomous from each other and from CFC—the only authority CFC has over its members is its influence!

CFC believes that its legitimacy arises from the fact that it has a member base, even though its members are fully autonomous. This autonomy of members is often a value-add to CFC's work; at times it is a limiting factor.

For instance, the members' autonomy means that a great deal of flexibility is possible when providing services and programs, in that there is no expectation that all members have to "sign on." On the other hand, on issues such as tax policy, it is sometimes difficult to be the voice that is "representative" of the membership. CFC's members contribute less than 20 percent of its operating revenue (the goal is to increase this to 30-40 percent over the next few years); yet CFC continues to believe that if it had no members, it would have no business.

[1]X-rates.com exchange rate, $1 Cdn = US$0.647175, July 2002 monthly average.
[2]X-rates.com exchange rate, $1 Cdn = US$0.647175, July 2002 monthly average.
[3]X-rates.com exchange rate, $1 Cdn = US$0.647175, July 2002 monthly average.
[4]X-rates.com exchange rate, $1 Cdn = US$0.647175, July 2002 monthly average.

Over time, CFC has expanded the range of services and programs it provides. It has also increased its own capacity and skill in providing these programs and services and its ability to engage the members in their design and evaluation. Members are engaged in various ways. Some serve as participants on Reference (i.e., advisory) Groups that CFC establishes to guide its key work; others serve as members of the Board, contributors to the monthly Bulletin and various newsletters, presenters at workshops and conferences, and advisors to the CEO and staff on a one-off basis. Members report that these kinds of involvement in CFC have been important for their own learning, for their understanding of the bigger picture, and for their sense of being connected to CFC.

CFC has developed, with its members, a set of principles to guide the work of community foundations and common language to describe the special role and characteristics of community foundations and the difference they make in their communities. A new Internet strategy is helping CFC to be more effective in its work. At the same time, it is encouraging and supporting members to use the Internet and web-based tools in their own work. CFC and its members are tackling such issues as social justice granting, ways to measure effectiveness of grants, efforts to build social capital, and issues related to legislation and regulation.

Perhaps CFC's most successful contribution to the development of its members has been its professional development program: Community Foundation—Leadership, Innovation, Networking, Knowledge, Support—or CF-LINKS. CF-LINKS has been designed to build on strengths and assets rather than on needs and deficiencies and offers a range of learning opportunities for staff and volunteers at all stages of development. It is estimated that in 2001, 90 percent of CFC's members participated in at least one CF-LINKS component, and many took part in more than one.

Another significant area of growth since the late 1990s has been CFC's involvement in public policy formation and as a major actor in Canada's voluntary and charitable sector. This participation, fully endorsed by the membership, which helps to identify critical issues at regional and other meetings, has raised the profile and visibility of the community foundation role in building strong communities, and has propelled CFC into a leadership role within the broad charitable sector.

Ten years ago, few Canadians had heard about community foundations. Today, while still not a household name, this has changed.

This newfound visibility and growth (the visibility has clearly been a factor in the rapid growth of the number of community foundations) has been both helpful and challenging. Both CFC and its members have been heard to say that there is a possibility of "death by opportunity"! The possibilities are endless and vast, and the risk of mission-drift for both CFC and its members is always before them. Hence it has been important to develop a set of guidelines for taking on new initiatives and to establish a set of values to guide CFC's work. CFC's new profile means that the bar is high—expectations of performance and participation on the part of the members and of its partners are among CFC's major challenges.

CFC faces several other challenges as well. Canada is a large country with a small population, found largely along the U.S.-Canada border. Distances are great and regional differences significant. It is costly to travel, and language barriers (French and English) are a reality. While not unique in any way to CFC, this organization, with its deep commitment to serving its members, has found that it constantly has to rethink its priorities. For example, the growing number of emerging community foundations in small communities expect CFC to be readily available to them. But this may not be the wisest investment of CFC's slender resources, given the cost of doing business in this country.

The regional differences noted above play themselves out for CFC in various ways. There is deep antipathy to "central Canada," which includes Ottawa, and to national institutions, including the large players in the voluntary sector. Understanding and sensitivity to these regional preoccupations is necessary, so that CFC is not seen to be aloof from the ground, favoring one region or the other, or too closely allied with the power of central Canada.

Along the same lines is the diversity within the membership. Urban and rural, established and emerging, large and small, French and English, staffed and volunteer run—these are just a few of the differences within the movement. Serving the diverse needs and priorities of this membership is very challenging. CFC must be excellent in communications. It must demonstrate a sensitivity to equity issues, an ability to design programs in which everyone can participate at some time in some way, and an ability to motivate the movement as a whole to support each other and see that the parts add up to an impressive whole. Not always easy!

Another challenge has to do with the rapid growth itself. By definition, community foundations are locally based, encouraging donors who have an interest in the community and making grants within the geographic area. In Canada, where most communities of any size now have or are developing a community foundation, the new ones are growing in very small communities. There is a significant question about the viability and sustainability of these foundations. CFC encourages start-up foundations to consider how they can be affiliated with an existing foundation; but in many instances, the sense of community pride and occasionally competition with the neighboring municipality precludes this orientation. To date, CFC has continued to assist those foundations developing independently on the basis that it is in everyone's interest to help them get a good start, even if they are not really viable in the long run.

The membership, as it grows in size and profile, is concerned that poor practices in some foundations may harm the whole membership. While it may be an exaggeration to say we are only as strong as our weakest link, there is a new urgency to find ways to protect the good name of the vast majority of community foundations. Having said that, there is no consensus yet that standards or accreditation are desirable as ways to protect the membership. Making sure that everyone has access to training and development, adheres to the membership criteria, and is proactively supported by CFC Regional Coordinators and staff seem, for now, the preferred route. In addition, CFC has developed a set of principles, goals and activities to practice for community foundations in the publication *The Community Foundation Difference: What Makes Us Special.*

The final challenge to note is that of CFC's sustainability. To date, the organization has been well supported by private foundations. To a much lesser extent, the members' fees have been important, as has the growing revenue from fees charged for CF-LINKS activities. Revenue as overhead contributions from projects has also been important. CFC is presently developing its revenue generation plan for the next few years, and for the first time, is seeking corporate support. In addition, CFC is talking with its members about an increase in fees, and knows that it will have to move cautiously in this area.

The challenges posed above have no easy solutions. CFC's Board, during its regular meetings, hears from the CEO about progress in these areas, occasionally sets up Task Forces to address them, and has identified one of its key roles as staying close to the membership in order to hear and respond to ideas and concerns as they arise. CFC—its Board and staff—understands well that its success is tied to its ability to manage relationships with its members, and it can safely be said that they enjoy considerable success because of their understanding of this dynamic.

III *Guidelines and Lessons Learned*

CFC has learned much during its short history. Some of the practices were put in place as the organization was being set up; others have emerged in response to opportunity and need, while others have been learned from similar organizations in Canada and elsewhere.

Institutional Development

- Remain open to adapting and changing. All CFC staff are expected to remain familiar with trends and issues, current professional literature, and with the activities of

their staff colleagues. Processes are in place to support this orientation, and staff are reminded of the importance of learning as part of their regular work, though the pressures of everyday priorities don't always support this intent.

- *Remember that your business is serving members and remind staff of this regularly in various ways. At CFC, some protocols and systems are in place to emphasize this priority. For example, phone calls and e-mails must be acknowledged and/or answered within 24 hours; and bulletins and newsletters always include member stories.*

- Be nimble. The absence of overly bureaucratic procedures, the frequent exchange among staff and Regional Coordinators, and the sheer size (the intent to stay small) have helped CFC earn its reputation as nimble and responsive.

- Clarify the Board's role, especially in relationship to the CEO. At CFC, the Board's leadership and oversight role is clearly spelled out in a set of governance documents that the Board reviews and updates regularly. The Board has delegated a strong leadership role to the CEO, being clear about its expectations of accountability, and both the CEO and the whole Board work in an intentional and deliberative way to ensure the integrity and strength of their relationship.

- Placing Regional Coordinators across the country can be very useful. This is a relatively recent step for CFC that built on a previous model where certain community foundations volunteered to be regional centers. Such an approach has brought CFC closer to its membership and vice versa. This decentralized model, though, has its own challenges. CFC is working to strengthen communications between the Ottawa-based staff and the Regional Coordinators, accountability of Regional Coordinators to CEO, and overall consistency and standard of service that does not compromise regional differences and features.

- Hiring staff that have been community foundation practitioners can add credibility to the organization. This has been the experience of CFC. Additionally, co-locating CFC's home office with a member community foundation has kept CFC grounded in the reality that its members face regularly.

- Learn to measure your organization's responses to the many opportunities that come its way. A set of guidelines was established for CFC's CEO to use when considering new initiatives. One guideline speaks to the importance of working collaboratively whenever possible, and though collaborations are often time consuming at the outset, they are clearly the way more can be achieved in the long run.

Financial Sustainability

- Financial sustainability can be a continuous challenge. CFC's Board has moved back and forth on determining its role in this area. Even though it has established a Task Force on Funding, it has become clear (and more comfortably stated by the Board) that it will not have an active role in raising funds, but will advise and support the CEO as well as it can. Individual Directors are committed to being helpful, but as a whole, the Board has not taken on this role successfully. The matter of the Board's involvement in fundraising is one with which many charitable organizations struggle, as there is often an expectation that the Board will make sure the funds are in place to carry out the organization's work. This is seldom the case, and CFC is no exception.

Public Policy and Government Relations

- Choose carefully the areas (tax benefits for donors, for example) in which your organization will become highly engaged in policy work. CFC has played a less prominent role in some areas (such as advocacy issues for the voluntary sector), but has participated in ways that allow it to have some presence. In other areas it has chosen to be very active (e.g., in an initiative designed to build the relationships between the federal government and the voluntary sector), believing improved public-private sector relationships will contribute to stronger organizations funded by community foundations and to communities themselves.

Czech Donors Forum

CZECHOSLOVAKIA

A case study of an association of grantmakers that evolved from a foreign donor's initiative to an independent association of indigenous foundations.

I *Organizational Profile*

The Czech Donors Forum (CDF) was registered as a not-for-profit, membership-led civic association in July 1997. It was set up by two of its members who submitted the registration documents. It is governed by a seven-member Executive Committee, elected by the membership for a two-year period. At the end of 2002, the CDF had 30 members, all private foundations.

The support for the work of the CDF comes from grants, membership fees, and income generated by providing services and sponsorship.

The principal focus of the association is to provide support and services to foundations, to promote philanthropy and to cultivate the culture of giving. The CDF acts as a platform for the exchange of information and ideas, works to reach consensus on common issues and enters into active partnership with the government and lawmakers on issues of policy.

The CDF achieves its goals by working with external partners and individual experts in various fields (law, taxes, investment, media). Its full-time staff of five can thus expand its capacity. The external partners participate as members of working groups; each working group has a specific task, time-line and leader. The CDF Secretariat executes the day-to-day work, while the working groups steer the whole process. All external partners work on a pro-bono basis.

The members of the CDF are grantmaking foundations. Czech law recognizes foundations only as a general class, even though some foundations were established by corporations, some by private individuals, and yet others by groups of individuals who have come together to develop community foundations. There were 338 registered foundations in the Czech Republic as of July 2002. The total amount of their endowment was approximately US $ 81 million. Of these, no more than 80 organizations were developing the capacity to

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serve as real foundations and fewer than 40 fulfilled the role of a foundation in a meaningful way. The CDF has as members the majority of these "functioning" (e.g., grant-making) foundations. Together, the members represent close to 60 percent of the endowments registered in the country and more than 75 percent of the yearly giving by private foundations. CDF member foundations are active in fields across the spectrum (education, culture, social and health issues, protection of the environment and of human rights, community development and civil society development). The CDF plans in the future to include both non-endowed funds (pass-through funds) and corporate donors in its membership.

CDF members have developed their own Code of Ethics, which sets out the principles of ethical behavior for foundations beyond the requirements of the law. All members of the CDF have signed the Code and adhere to its rules. The membership base has grown very slowly and gradually due to the fact that most existing foundations are inactive. The CDF's membership criteria are simple and designed to ensure that potential members are grantmakers. The criteria require that a foundation has distributed at least US$8,000 to at least five different entities per year. In addition, a foundation must sign the Code of Ethics and act according to its rules.

According to the Czech law for civic associations like CDF, associations must be membership-led organizations in which the members themselves constitute the highest body. Members elect an Executive Committee to oversee the organization and the Committee, in turn, selects a Director. The whole membership makes decisions regarding the criteria for membership and the overall program of the association. The Executive Committee makes decisions on budgetary issues and closely oversees the CDF's program. The Director's responsibilities are established by the Executive Committee.

The whole membership meets twice a year to address legal and administrative issues of the association. The Executive Committee meets every two months. Besides these formal meetings, the members meet every two months to address issues common to all and work on various committees (membership committee, special events committee, committee preparing the review of the foundation law and the tax regulations, etc.)

CDF's total annual budget for 2003 is estimated to be between US $ 170,000-$180,000. CDF provides regular services and programs for the donor community as well as development projects that are based on the actual or long-term needs of the sector. It seeks funding from domestic and foreign donors. Approximately one-third of the total budget is covered by general support grants from foreign as well as indigenous foundations. These grants are usually for a two to three year period. Foreign funding for infrastructure organizations in the Czech Republic is slowly decreasing although it still covers most of CDF's annual budget.

Domestic funding has increased but progress is slow. Domestic funding comes from member grantmaking foundations, membership dues (up to 7%), income generated from the provision of services and consultations, and corporate sponsorships of certain events provided by local and international businesses. CDF's future fundraising strategy is focused on increasing income from domestic foundations (both dues and grants) and from its own activities.

The Evolution of the Association

The CDF gradually emerged from ad hoc meetings of foreign donors in the Czech Republic at the end of 1995. The initial purpose of the meetings was to share information about each other's programs, to address issues and concerns and to talk about needs in the Czech society. The meetings were informative but, initially, the partners were cautious about revealing their own priorities and areas of focus.

The most important organizations promoting the donor cooperation were the Charles Stewart Mott Foundation, USAID, the Canada Cooperation Fund and the British Know-How Fund.

After these initial meetings, the donors realized that in order to create a common agenda, some minimal coordination was necessary. A coordinator was hired and the Mott Foundation hosted the meetings. The donors focused on developing a climate for philanthropy, in general, and on supporting the development of corporate philanthropy, in particular. This focal point of their work together became a project, *The Development of Corporate Philanthropy Project*, initially supported by USAID.

The Development of Corporate Philanthropy Project became a central focus for the next two and one-half years, 1996-98. The project had two main parts. First, the members realized that more information about the climate for corporate philanthropy and about current practices in this area was needed. The first step was to conduct a study of 80 selected companies, including all the main industries and services, medium and large companies, Prague-based and regional, state and private, and Czech and foreign companies. The study was conducted through personal interviews and the outcomes were published. The study provided the CDF members with a better understanding of what was needed for further developments in the area of corporate community involvement.

The second part of the project was the development by the CDF of a seminar series that covered all aspects of corporate giving, such as financial and legal issues, communication strategies, sponsorship versus giving, improved knowledge of NGOs as potential recipients or partners, etc. The seminars were prepared with the assistance of legal and PR experts. Top managers from those companies that had valid corporate giving programs were engaged as speakers. The seminars were focused strictly on the companies' needs for setting up a good base for corporate giving programs.

In sum, the project consisted of survey research and dissemination of its findings, discussion seminars and special events, and work with the media to raise public awareness of corporate giving and identify examples of good practices in the Czech Republic.

The CDF managed this project for two and one-half years. It was then put on hold in 1999 due to the limited capacity of the CDF, which had to fully focus on the needs of emerging, new Czech foundations in response to the foundation law that was changed the year before. During the project's duration, the CDF organized two national conferences on corporate giving, together with chambers of commerce and the Prince of Wales Business Leaders Forum; published several articles on corporate giving; and performed a follow-up study to determine what progress had been made as a result of the project. The follow-up study revealed some positive developments which were unfortunately stunted by the introduction of a new tax regulation. That regulation severely controlled the corporate giving of any company that had the state as a majority owner. Corporate giving was also slowed by the generally worsening economic situation in the country.

In the beginning, the CDF did not consider company giving programs as potential members because the companies' needs were so markedly different from other donor programs. The CDF planned to eventually offer membership to companies, but only as it developed further capacity in this area. Instead, the CDF concentrated on the few emerging corporate foundations, two of which became important CDF members.

The outcome of *The Development of Corporate Philanthropy Project* was the publication and dissemination of two reports, which enhanced awareness about this issue both within corporations and with the public, created a heightened exposure of NGOs to the corporate world and improved the visibility of foundations as entities that cultivate and support the whole environment for philanthropy.

During the first year of informal meetings, the CDF members aimed to include all the foreign donors and those Czech foundations that were decidedly grantmaking (in this case, re-granting foundations). In 1997, the group had 12 dedicated participants and discussions began regarding whether to register as a formal association or continue to work as an informal group. The participants were, at that time, a mixture of foreign government programs of assistance, Czech re-granting foundations and the largest indigenous foundations, whose assets were of mixed origin. The foreign donors promoted heavily the idea of a formally registered and strong association. The Czech foundations, on the other hand, expressed deep concerns about being overshadowed or controlled by the association. They also did not see the need to add yet another formal structure to the NGO network.

The discussions leading to registration were difficult. Several members felt that the informal network fulfilled their needs sufficiently and that there was no need to establish yet another organization. Others felt that the establishment of a formal organization was a demonstration of a long-term commitment to donor cooperation and it gave the platform legitimacy.

The final motivating argument for registration was to ensure that the network would indeed be truly neutral and independent (not attached to any one existing organization) and that as a registered organization, it could seek its own financial support. After much debate, the group finally agreed to register the CDF as a not-for-profit membership association.

In 1997, when the CDF was registered, its existence was known only to foreign assistance programs and a few key NGOs. The foundation sector was in formation after a new foundation law was passed early that year. The foundation law attempted to differentiate the functions of a grantmaker from other nonprofit organizations. Foundations, as donors, were beginning to emerge in 1998. By re-registering as foundations they took upon themselves the responsibilities of developing assets, building endowments and making grants, even if such capacities were to be built over time.

The registration was accompanied by establishing an office, hiring a Director, developing membership criteria, and establishing a formal model of governance. Although the Czech law does not require the association to have a Board of Directors, an audit or to publish an Annual Report, the CDF decided to adopt the much more rigorous rules in all aspects of its functioning than other associations and to be fully transparent.

II *Issues and Challenges of a Developing Association*

Finding Funds

Czech foundations were established without funds—an anomaly in the post-communist countries. Foundations were, therefore, indistinguishable from other NGOs. All nonprofit organizations were fundraising to support their own projects, often going after the same sources of support.

Foundations make up about one percent of all nonprofit organizations registered in the country. The largest grantmakers are either re-granting foundations (distributing grants from a source outside of the country) or have been endowed at the onset from government sources. For example, the government-funded Endowment for the Arts fell apart after 1989. In the confusion of the times, the funds were transferred to a foundation with the purpose of supporting the arts, thus transferring the state funds to the not-for-profit sector. Today the majority of the foundations in the Czech Republic focus on health and social issues. Very few have programs to support civil society, community development, human rights or the environment.

Foundation assets are divided into *registered endowments*. The value of the endowment is registered at a court and the foundation, by law, can decrease its value but in strictly defined situations; it can always be increased. The registered endowment is considered untouchable; thus the foundation can use only the proceeds which are tax-exempt and so-called *other assets* (any assets that are not a part of the registered endowment). Other assets can be used in any way the foundation wishes and the proceeds are taxable; however, every NGO (i.e., foundation) in the country has many tax exemptions. As of May 2002, the combined assets of the registered endowments were approximately US $84 million. Foundations can obtain resources from individuals and legal entities (in the form of gifts), public collections and benefit events, other foundations, foreign sources, their own activities (provided they do not conflict with the foundation's mission and they are in accord with the purpose set by the law), income from their investments and bequests.

Czech foundations have received a great boost from the government through a one-time process which lasted nine years and required building political support and reaching consensus within the foundation community. The process began in 1991 when the Czech government decided to

allocate one percent of its revenue from the privatization of large state-owned companies to foundations as a form of compensation for the assets which were confiscated by the state after 1948. The government put this money aside into a so-called Foundation Investment Fund (FIF), but due to the lack of political support, the FIF was not distributed to foundations at the onset. After waiting for a more favorable political climate, several foundation leaders began a process of lobbying for the release of FIF funds to foundations. Finally, the selection process for distributing the funds began in 1999 and was completed in 2002. Seventy-three foundations received a boost to their endowments (totaling US $70 million so far).

Gaining Legal Status

The status of foundations was not precisely defined until the passing of the law on foundations in 1997. This law states that foundations are associations of assets expressly established for the achievement of socially beneficial aims. Foundations must register with a minimal endowment (US $16,000) and must work to continue to increase the endowment. The foundation Board is responsible for administering the assets, directing the foundation's activity, issuing statute, electing new Board members, appointing the Director, approving the budget, making decisions about the allocation of grants and overseeing the endowment.

A majority of the re-registered[1] foundations cannot generate enough resources and do not fully understand their roles and their opportunities for further development. They are, therefore, becoming inactive organizations. These foundations function on a voluntary basis without paid employees. At least one third of the foundations serve only the founding institution (e.g., a hospital, school, library, etc.) and do not practice open grantmaking.

In this environment, the CDF concentrated on recruiting as members those foundations that were firmly on the path of developing as donors and providing support and education to the whole foundation community in order to support further development of organized philanthropy.

Educating the Public

The renewal of organized philanthropy based on authentic and democratic roots began to take place only after political changes in 1989. Private philanthropy is still in the process of regaining its lost legitimacy and it will take time to fully regain its status as a socially recognized activity that is completely trusted and honored. In terms of giving, the population responds well to natural disasters, children in need and massive fundraising drives. It is still not customary, however, to give individual gifts to foundations.

Philanthropy is understood only as charity and charity is viewed as a temporary substitute for unsatisfactory government care. The motivation for both individual and corporate giving has an ad hoc character. It is not necessarily based on traditional moral principles and is often characterized by case-by-case decisionmaking. Individual donors often become discouraged by the lack of recognition and feedback from the recipients.

According to research done in 2000, more than three quarters of the Czech population claim that philanthropy would not be needed if the state behaved more responsibly. In this area, foundations themselves, and the CDF, must do a great deal of work to raise awareness and improve understanding. Thirty percent of the public view foundations with mistrust. People make assumptions about foundations stealing money and hiding irregular practices under the umbrella of philanthropy. Ironically, the more successful a

[1]Before the passing of the foundation law in 1997, there were close to 5,000 foundations registered in the Czech Republic. These were foundations in name only because they had no assets and had to do fundraising for projects like other NGOs. After the new law was passed, all existing foundations had to either re-register as foundations or be liquidated and become another type of not-for-profit organization. After the re-registration process, there remained fewer than 200 foundations in 1999. Since then, the number is slowly but steadily increasing.

foundation becomes in building its endowment, increasing its grantmaking program and becoming more visible, the more this success is viewed with suspicion.

For these reasons, the CDF embarked on a program of promoting foundation activities to the public through media. The aim of the program is to promote foundations and their publicly beneficial work and to obtain public support.

Serving the Whole Donor Community

Because of the urgent needs of the foundation sector and its own small membership, the CDF has made a decision to provide services for the whole donor community and to position its members as leaders in this effort.

The CDF provides services to donors and also initiates and manages processes of change. It cooperates with various partners (government, parliament, experts in the financial sector, lawyers, tax advisors and auditors, other organizations in the not-for-profit sector, and media) to achieve its aims. Its main functions are to inform, educate, support, work on consensus building and generally cultivate the donor environment. As the only membership association that focuses on the whole foundation sector, and not only on its membership, the CDF also aims to act as an example of neutrality and good practice.

The CDF organizes regular meetings of members that focus on facilitating mutual exchange of information about their respective programs, needs in particular areas and grantmaking strategies.

The CDF also holds Affinity Group meetings for all donors supporting various areas (social, health, community development and environment protection, education, human rights, children and family, culture and cultural monuments protection). These meetings serve as a platform for all kind of donors (state, corporate, foreign, foundations) to discuss major problems and developments in every area and to cooperate in supporting systemic changes.

III *The CDF's Programs*

The CDF has developed a number of programs and products to carry out its principal goals and objectives, which include:

- Creating a joint platform for the defense and promotion of the interests and needs of organized philanthropy;
- Initiating processes which will lead to better conditions for the development of philanthropy, both individual and institutionalized;
- Raising public awareness about the foundation sector and about giving in general;
- Developing cooperation between donors; and
- Cultivating and supporting organized philanthropy and foundations, in particular.

Services

Training Seminars: The CDF holds workshops and seminars on the following topics: Financial Management, Taxes, Audit; Board of Trustees and Issues of Governance; Communication with the Public and Annual Reports; Effective Grantmaking; Generating Financial Resources; and The Role of the Foundation in the Community. Each topic is offered at least once a year.

Foundation Database: The CDF administers and regularly updates a database of all registered foundations in the country. The database serves research and communication purposes.

Consultancy: The CDF provides consultations through its own employees and hires lawyers and financial management experts to provide consultations as required.

Analyses and Interpretations: The CDF provides analyses for various institutions on the donor community and interpretations on questions related to the legal and tax environment for philanthropy.

Public Policy

The CDF initiated and led a process to review the foundation law and proposed changes which allow foundations more advantageous investment possibilities.

The proposal was approved by the government and passed through the Parliament for final approval. The CDF also led a process which resulted in establishing a pooled fund for foundations. The pooled investment fund is operating independently, managing foundation endowments in a professional way.

Currently the CDF is initiating a process of analyzing the tax legislation in the country to examine its impact on the development of philanthropy. The CDF also proposes possible legal models for enabling legal environment.

Directory of CDF Members: The Directory has been compiled and disseminated to member foundations and government offices. The Directory contains detailed information on the most effective donor strategies and programs, including changes of priorities and focus and complete lists of recipients. Members use this Directory as a consultation tool and it fosters donor cooperation in specific areas.

Financial Institutions

The CDF regularly cooperates with all banks and financial companies providing special products for foundations. The CDF reviews the products, provides relevant information on the foundations' needs and stimulates new products favorable for giving.

Media

The CDF has formed a working group of media representatives, communication experts and public relations professionals to help develop a strategy for effective promotion of foundations, their roles and activities. The aim of this program is to raise the level of public trust in foundations and in philanthropy in general.

Newsletter: The CDF publishes a quarterly newsletter that is disseminated to all foundations in the country, as well as to lawmakers, government officials and other partners. The newsletter contains information relevant to foundations, a calendar of events, announcements, opinion-editorial pieces and member profiles.

Research and Publications: The CDF conducts ongoing research on foundation development and operations and generally publishes two publications per year, the most recent of which is the *Directory of Foundations in the Czech Republic*.

National Conference and Other Events: The CDF organizes an annual conference for foundations—a two-day event with key speakers, workshops, discussion groups and a social event. Other events are organized each year, including receptions to raise awareness about corporate involvement

IV *Guidelines and Lessons Learned*

- In the early stages of development, create a meaningful agenda for informal meetings and find common issues on which to concentrate. The project that the CDF adopted at the early stages of its existence served well to focus the members around an important issue and served also to set the style of functioning of the CDF (e.g. working together on larger issues and initiating change, rather that just providing services).

In a small association, it is particularly important to focus on "outside" issues and to develop a broader program that goes beyond the needs of its members. Otherwise the association can become "ingrown" and too narrowly focused, serving only a small constituency and lacking authority in the field.

- Provide a safe environment for the meetings in which all members are equal partners. Work for the complete independence of the association right from the beginning (e.g., not tied to any one donor). The secretariat must remain neutral and helpful so that no member is more prominent than others. Avoid "politicking" behind the scenes.
- Work toward an image of an organization that is inclusive.
- Develop membership criteria that establish minimal expectations.
- Work on issues of ethics at an early stage and revisit the issues periodically. If you create a Code of Ethics, make adherence to this code one of the requirements for membership.

- Do not push too early for taking a position on public issues or taking on a role of policing the foundation community. It takes a long time before members feel ready and justified to monitor the environment, name the problems and address them publicly.
- Concentrate on a specific overriding issue. Try to steer away from individual agendas, rivalries and competition for resources that may cloud the agenda.
- Consider providing services for foundations free of charge during the first years of association. This is a way for the association to become known to foundations and develop a good track record before charging for services.
- Do not force issues. The members ultimately will follow the route of necessary development, but typically the association is several steps ahead. Build consensus patiently and make sure that you have the members close behind you.
- Involve the members. Actively promote the idea of "belonging." Spend time with individual members if necessary through face-to-face consultations. Communicate and cooperate with the rest of the sector; make bridges between donors and recipients.

Lessons Learned in the Transition from an Informal Initiative to a Registered Organization

- Recognize that the founding members may not all have the same goals and aspirations for the establishment of the association. Some will want to keep the association purely service-oriented. Others will expect it to fix the environment in which they operate and to be a strong partner with the government on their behalf. Some will want to make the association all-inclusive; others will want to have strict membership criteria and include only those that demonstrate best practice. The CDF dealt with this challenge by persuading its members to set up the broader model and by revisiting the goals and criteria for membership on a yearly basis. The members also approve the annual plan of activities and the priorities for each calendar year. This gives the members the assurance that their concerns are reexamined on a regular basis and that the association moves ahead by general consensus.
- Harmonizing the needs and aspirations of the members with the aspirations of the donors that support the association is a big challenge. These two are often not one and the same, as is the case in most donor associations. In the case of the CDF, some of its members give the association grants, but the CDF has also had to seek outside support from the very beginning because the small membership cannot sustain it through membership fees and occasional grants.

When external donors are involved in setting up the association, problems of "ownership" may arise. It is crucial that all potential members feel equal in the ongoing discussions. It is up to the sensitivity and correctness of the secretariat of the association to lead and balance the discussions, prepare agendas for the meetings with everybody's input, place the meetings at a local organization's premises and/or rotate the meetings if there is not a permanent neutral meeting place established.

- Be sensitive to language problems that are likely to arise. During its whole first year, the CDF held meetings in English, which discouraged some of the Czech members and lessened their input into debates. With the increase in the number of indigenous members and the decrease of foreign funding in general (some foreign programs left the country), the CDF gradually returned to Czech as its working language. That, in turn, discouraged the foreign participants from attending meetings. The secretariat reached a compromise that was not completely satisfactory. An agenda is sent to the foreign participants in English beforehand in order to inquire about which points are of particular interest to them and spend time in some preliminary discussion. Interpretation is provided during the meeting and an excerpt from the minutes is translated and sent to the foreign donors after each meeting.
- External donors may need some extra meetings among themselves to examine their ongoing or exit strategies. The association should proactively organize such meetings and bring other interested partners into these discussions.

Lessons Learned in the Later Stages of Development

- Keep the members committed to the agenda; keep them involved in working groups and committees.
- Secure buy-in to the overall program of the association by all members. Some members may prefer that the association play only a passive role of providing services and may need to be persuaded of the association's larger role as initiator of processes of change.
- Create a strong and committed governance structure.
- Provide strong and clear leadership, yet be sensitive to members' needs and try not to leave members behind. Lead from behind.

In a country with a relatively small foundation community which is in the stage of developing its identity, it makes sense for the association to work for the whole donor community and not limit its services and support only to its members. In this way, the small membership starts to act as a model for good practice and works on behalf of the whole foundation community. In doing so, members tend to improve their own practices.

- Diversify financial resources. Reexamine the structure of membership fees and start to push toward differentiating the fees. Solicit grants to the association from members. Provide services for fees (to non-members). Reexamine the whole structure of support and find new in-country sources of financial support.
- Keep the secretariat of the association small (lean and mean); avoid becoming administratively heavy. The CDF solved this problem by involving both members and non-members, as well as various experts from other sectors and fields, in working groups.
- Find an effective way of promoting regular communication with members, the whole foundation community and the public.
- Position the association within the not-for-profit sector itself. The association must do its share of work on behalf of the whole sector by participating in events and conferences. The problem that may develop is that the member foundations begin to rely on the association in this area so completely that they themselves become more distanced from all-sector issues.
- Inform all association staff about issues pertaining to giving and organized philanthropy. Ensure that staff have good people skills.
- Continually aim to enlarge membership.
- Look for signs of discomfort in the foundation community caused by feelings of being threatened by the association or lack of inclusion. Work with organizations individually, communicate often and include them actively in your programs.
- Broadening the program of the association to include the entire foundation community results in relatively few special services being offered exclusively to members. The fees charged for events, publications, seminars, conferences, etc., are so low in order to make participation possible to small, undeveloped organizations that the waiver of these fees for members is not considered to be particularly motivating. In the case of the CDF, the members are, in effect, driving the national foundation agenda. So while they don't receive many special services, they constitute the leadership in the development of organized philanthropy. Members also understand that cultivating the environment in which foundations operate is important for their own functioning. It raises public awareness and it raises their own profiles

East Africa Association of Grantmakers

EAST AFRICA

A case study of an emerging association

I *Background*

The emergence of the East Africa Association of Grantmakers (EAAG) took place at a time of increased regional activity between Kenya, Tanzania and Uganda brought about by the creation of the East African Community.[1] Elections in Kenya in December 2002, which saw a peaceful and democratic political transition, also contributed to a mood of optimism in this region. Despite these developments, however, the three countries remain among the poorest in the world, with over 40 percent of the population of each country below the national poverty line.

Levels of international aid have been high and extremely visible in all three countries for many years. Less visible and often working with a much lower profile, are some of the "home-grown" trusts and foundations in the region. A research study conducted in 1999 estimated that there were as many as 60 local grantmaking trusts and foundations within East Africa, some of which were established as far back as the 1950s and earlier.[2]

Beginning in 2001, the Ford Foundation Office for Eastern Africa convened a series of meetings of eight regional trusts and foundations in an initiative called the East Africa Foundations Learning Group.[3] A primary goal of these meetings was to explore the different elements of foundation-building among philanthropic organizations—asset development, grantmaking and governance—to make them more effective in their work. These and related meetings also brought together like-minded individuals to advance the conversation about indigenous philanthropy in the region.

At the heart of the conversation was the belief that resources existed in East Africa which could be drawn upon, held in trust and used to support sustainable community development within the region and, over time, reduce the East African countries' dependence on external aid.

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[1] *The East African Community (EAC) is the regional intergovernmental organization of the Republics of Kenya, Uganda and the United Republic of Tanzania, with its Headquarters located in Arusha, Tanzania. The East African Heads of State signed the Treaty for the Establishment of the East African Community in Arusha on November 30, 1999.*

[2] *"Trusts and Foundations in East Africa: An Overview," Ford Foundation East Africa Philanthropy Initiative 1999.*

[3] *The original members of the Learning Group included the following foundations: Kianda Foundation, Kenya; Rattansi Educational Trust, Kenya; AMREF, Kenya; Tanzania Gatsby Charitable Trust; Social Action Trust Fund, Tanzania; World Conference on Peace and Religion Fund, Tanzania; Private Sector Foundation, Uganda; and the Kabaka Foundation, Uganda. The Ford Foundation Office for Eastern Africa hosted and sponsored the Learning Group.*

II *The Emergence of an Association of Grantmakers*

In February 2001, a group of trusts and foundations met at the Ford Foundation's Nairobi office to discuss the creation of an association of grantmakers. This group, which included participants from the East Africa Foundations Learning Group (Tanzania Gatsby Trust, Social Action Trust Fund, Kabaka Foundation and the Rattansi Educational Trust), as well as other local foundations and partners (Aga Khan Foundation, Chandaria Foundation, Ford Foundation, Kenya Community Development Foundation and Ufadhili Center for Philanthropy), formed the Steering Committee of the association in its start-up phase.

During 2001, the group met on a quarterly basis and remained in regular communication by e-mail. Between meetings, individuals and subcommittees undertook specific pieces of work (developing a constitution, working on membership criteria, organizing the launch), and reported back to the main committee. In addition, committee members were able to draw inspiration and practical advice from the various international meetings on philanthropy that were held during 2001 and 2002, such as the WINGS strategic planning meeting in Chicago, WINGS*Forum* 2002 in Sydney, Australia and the SAGA Annual General Meeting in South Africa.

By December 2002, the Steering Committee believed that a sufficiently strong framework for the association, including a constitution outlining mission and objectives, membership criteria, a code of ethics, and agreement on where to house the secretariat, was in place and that the association should be launched in February 2003.

The East Africa Association of Grantmakers (EAAG) is one of 11 new membership associations that have been established in the past five years in diverse places around the world (see Table 1). In other countries and regions, such as Indonesia, the Dominican Republic, Columbia and West Africa, foundations are meeting informally and considering the possibility of establishing an association sometime in the near future. Other associations established earlier in the 1990s are still in the "emerging" stage as they continue to define their mission, develop their membership, and discern ways to promote philanthropy.

In addition to these new and emerging associations of grantmakers, a number of grantmaker *support* organizations have been established particularly to promote the development of community foundations. These new support organizations found in Central Europe and in some parts of Asia, Africa and Latin America often take the form of "centers" for philanthropy or are foundations whose grantmaking focus is the promotion and development of philanthropy. The success of these support organizations in promoting the expansion of philanthropy may lead to the establishment of new associations of grantmakers in the future.

Table 1: Grantmaker Associations Established since 1998

Irish Funders Forum	1998
Philanthropic Foundations Canada	1999
Slovak Donors Forum	2000
Romanian Donors Forum	2001
Swiss Foundations	2001
Russia Donors Forum	2002
Ecuadorian Consortium for Social Responsibility (CERES)	2002
French Center of Foundations	2002
East Africa Association of Grantmakers	2003
Polish Donors Forum (Initiatives Group)	2003
Spanish Association of Foundations*	2003

These new and emerging associations are embarking on the same journey as their more established colleague associations profiled earlier in this volume. They are discovering the challenges of addressing membership diversity, establishing appropriate governance structures, providing effective services to members, engaging governments on public policy issues and promoting philanthropy to the general public. Future growth of new associations will depend on both internal and external factors and will not happen quickly. It is hoped that this case study on the process of establishing a new grantmaker association in East Africa will serve as an example and an inspiration for other groups of grantmakers around the world that might want to establish an association in the future.

**The new Spanish Association of Foundations will join two existing associations in January, 2003: the Confederación Española de Fundaciones and the Centro de Fundaciones.*

III *Why Create an East Africa Association of Grantmakers?*

The formation of an East Africa association has taken place in the larger context of regional integration. It offers many opportunities for the trusts, foundations and other civil society organizations in this three-country region to work more closely together for the common good. Some collaboration has already been initiated with the development of community foundation-like organizations using locally generated funds.

These institutions have offered a unique opportunity for donors and community members to come together to discuss the allocation of funds for community development purposes. In addition, regional treaties and policies are being developed which will enable the trusts and foundations in East Africa to seek opportunities to influence the legal frameworks and tax policies that affect the work of civil society organizations in general, and trusts and foundations in particular.

Most importantly, the establishment of an association provides the opportunity to promote philanthropy more broadly and to strengthen these grantmaking institutions that serve local communities. Specifically, the association was created to:

- **Develop the Credibility to Bring About Change.** In order to maximize its potential, the particular subset of civil society organizations that the association was being created to serve (i.e., grantmaking trusts and foundations rather than service delivery NGOs) would need to assert its own credibility and identity. Effective grantmakers, independently governed, efficiently managed, with access to their own sources of income and brought together in an association, have great potential to make a difference at a policy level, as intermediaries between other civil society partners, government and the corporate sector, and as a focal point for mobilizing resources locally.

- **Promote Local Grantmaking and Promote Good Grantmaking.** The Steering Committee believes that grantmaking is a "good thing" in itself and should be explicitly stressed in the association's objectives. Two assumptions lie at the heart of the promotion of good, local grantmaking. The first is the belief that making grants at the local level (whether big, three-year, $1 million grants or small, three-month, $100 community-level grants) is in itself an important tool for development. In this vein, the creation and strengthening of local "donors"/grantmaking institutions, more in touch with their communities than the big international donors, means that grantmaking can be much more targeted, with small grants providing incentives and resources without swamping or distorting local initiatives.

  The second assumption is that in order to create the credibility that local grantmakers will require if they are to attract local support in the form of donations, there are certain good practices that need to be adopted which ensure transparency and accountability and that will convince potential supporters that these institutions know how to look after and spend other people's money wisely.

- **Strengthen its Own Members.** Trusts and foundations will only build credibility if they can publicly demonstrate honesty and integrity in the ways that they both guard and award resources. In other words, they must have strong governance structures in place, be excellent stewards of any endowment funds and give grants in a fair and open manner. Increasing the capacity of its members is a key function of the association, because its power to influence policy depends entirely on the strength and effectiveness of its members.

- **Provide Benefit from the "Power of Numbers".** At present, trusts and foundations are scattered in East Africa. Many work in something of a vacuum, isolated from other philanthropic institutions which may be trying to achieve the same goals regionally, even globally. An association of grantmakers provides a focus for all the work that is being done across this three-country region. It also provides a forum for its members to exchange experience, information and expertise.

IV *What Should a Regional Association Look Like?*

The Steering Committee recognized that there were many decisions to make in the early stages of the formation of a grantmaker association. What were the vision and mission of the association? What services would the association provide to its members and how would these services be funded? Who could participate in and benefit from its services? The following paragraphs detail how the emerging East Africa Association of Grantmakers began to address these issues. They reflect both the deliberative process as well as some of the key decisions made by the Steering Committee.

In its initial phase, the main focus of the association should be to nurture its members.

Services to Members. It was agreed that although advocacy would become an increasingly important activity of the association at a later date, in the short-to-medium term a number of its core members would need support in strengthening (or, in some cases, establishing) grantmaking systems, in mobilizing resources locally and exploring the creation of endowment funds. The kinds of services that the association could provide to its members might include training and consultations aimed at increasing capacity in fundraising, money management, board development and grantmaking, as well as information, publications, research, and a database, etc. Only by strengthening its members would the association become strong enough to assert itself as a respected and independent voice. To this end, establishing a Code of Ethics (see below) to which members adhere and promoting a strong emphasis on self-regulation would also strengthen the integrity of the association among other sectors.

"External" Role. A secondary focus of the association would be to promote discussion among different sectors and civil society partners aimed at improving the environment for philanthropy. Meetings and seminars open to a wider audience, and perhaps in cooperation with Partners/Affiliates, would allow the association to develop its role as a convener.

Quality, Not Quantity. The number of association members should not be an indicator of success in the start-up phase. The emphasis should be on developing quality among East African trusts and foundations.

Staffing. Experience from other emerging grantmaker support organizations suggested that at least one, full-time staff member would be necessary to get the association off the ground, act as a contact point for members and serve as a general "force" behind the organization. Provision, therefore, should be made for at least one full-time staff member, with other staff to be recruited as necessary. On the technical assistance side, the association should develop its own pool of consultants who can be brought in to conduct consultations, seminars and trainings, conduct research, etc.

Administrative Costs. These costs should be kept as low as possible, but not so low as to prevent the association from operating effectively. Although members would be contributing an annual subscription, it is unrealistic to assume that either these—or any fee-based services—would be adequate to cover the association's administrative costs in the short-to-medium term. External support would therefore be necessary.

V *Who Should the Members Be?*

Core Membership. In developing membership criteria, the committee was faced with a challenge. It was generally agreed that the association's "core membership" base should be grantmaking trusts and foundations working in East Africa. Beyond this core group, however, there was a need to maintain a balance.

*The membership base had to be sufficiently wide to make the association worthwhile, i.e., to include other groups that shared its goals and interests and, ultimately, to be able to assert influence at a policy level. At the same time, however, there was a need to ensure that membership criteria were not too broad—allowing any organization distributing resources to qualify for **full** membership.*

For example, an international NGO with a re-granting program or, as discussed under "Corporate Grantmakers," a company with a corporate social responsibility program, would not qualify for full membership. This would prevent the "core members" from becoming marginalized within the association.

Corporate Grantmakers. Some regional associations of grantmakers include corporations with social responsibility (CSR) programs in their membership. The Steering Committee agreed that it was certainly important for the association to engage with the corporate sector, particularly as a partner on the issue of tax breaks on corporate giving. Similarly, the association could play an important role in advising companies on effective grantmaking within their CSR programs. For example, the association could provide some fee-based services—consultancies and seminars, etc.—to this group. At the same time, however, these members might not share the core values and mission of the association and may well dilute its goals. Furthermore, the association should promote standards in grantmaking and not just "PR" (public relations), as can be the case in some corporate programs. It was decided that, in order to focus on the needs of core members, only corporate foundations would qualify for full membership, while companies with CSR programs would fall into the category of Associate or Affiliate members.

Code of Ethics. An issue arose regarding how the association might judge whether applicant organizations were eligible for membership when it came to more "qualitative" criteria. One approach favored by the various donors' forums in Eastern Europe and Russia is the adoption of a code of ethics for grantmakers. In this way, it becomes the member's responsibility to conform to the code, rather than placing a burden on the association to "vet" or force compliance.

"Assured Source of Income". Initial criteria set by the Steering Committee included a requirement that member organizations have an assured source of income from which to make grants. This access to independent sources of income was considered important for two reasons: First, it would ensure that members have autonomy in their grantmaking activities and second, that they had an interest in, and commitment to, the development of local philanthropy or philanthropic assets in East Africa. However, given that the association would be established in East Africa, where philanthropic assets are not well-developed, it was considered unrealistic to assume that all potential members had assets at this stage in their development and the definition was adapted.

It was decided that membership-adapted criteria should include the requirement that grantmaking was a member's *primary* purpose and that members should have a "track record in leveraging resources." In some cases, for example, an organization might be aspiring to build its own endowment and focus on becoming a grantmaker, but is currently re-granting funding from another donor—an activity which is important, nonetheless, as it allows the organization to establish a track record in money and grants management.

VI *Launching and Housing the Association*

The East Africa Association of Grantmakers will be launched on February 27-28, 2003, in Nairobi, Kenya, with a reception and a workshop on global civil society and the first General Meeting of members.

Elements of the Constitution

EAST AFRICA ASSOCIATION OF GRANTMAKERS

VISION

To establish an association of charitable non-political foundations and trusts in East Africa effectively working together and harnessing resources for sustainable social development.

MISSION

To nurture and enhance a culture of local philanthropy through the growth of a vibrant membership to improve the lives of the peoples of East Africa.

OVERRIDING OBJECTIVES

- To demonstrate and promote philanthropy in East Africa as an integral strategy for permanent wealth-creation for social development;
- To promote ethical practices in grantmaking as a tool for development;
- To support members with learning and capacity-building opportunities for effective asset-development, management, governance, and grantmaking;
- To strengthen the individual and collective identity, credibility, coordination and positioning of its members;
- To engage effectively with Governments, the private sector and civil society partners to influence policy and the enabling environment.

MEMBERSHIP CRITERIA

1. Member organizations have full autonomy in their grantmaking activities and a track record in leveraging resources.
2. Member organizations agree to abide by the Association's Code of Ethics.
3. Member organizations have been active grantmakers or have been active in the field of social development for at least one year.
4. Member organizations make grants through an open and transparent process to at least five organizations/individuals each year.
5. Member organizations have a working presence in any of the East African countries (Kenya, Tanzania and Uganda).
6. A fundamental operational purpose and activity of member organizations is grantmaking.

[4] The EAAG acknowledges and thanks the Russia Donors' Forum for this "model" Code of Ethics.

Categories of Membership

A. ***Full Membership:*** Open to grantmaking organizations, both foreign and local /domestic that meet all criteria for participation.

B. ***Associate Membership:*** Open to organizations that do not currently fulfill all criteria for membership but who fully support the Mission and the Objectives of the Association.

C. ***Affiliates/Partners:*** Open to non-grantmaking bodies (international and domestic organizations) that have an interest or involvement in the practice of philanthropy and in the mission of the regional association of grantmakers.

Code of Ethics[4]

Members of the Regional Association of Grantmakers agree to:

- Use the resources which they control for the socially beneficial aims for which they are designated;
- Define their mission, aims and programs clearly and make them publicly known;
- Strive to achieve maximum transparency in their activities;
- Strive to keep administrative costs to a reasonable minimum;
- Regularly publish reports on their activities, including financial data;
- Remain aware of and comply with the legal responsibilities of grantmakers.

Within grantmaking programs and in accordance with their mission, status, and aims, Members agree to:

- Ensure that decisionmaking on grant applications is established on a clear and logical basis, including appropriate control and oversight, and procedures are followed in a manner consistent with the organization's policies;
- Ensure that appropriate arrangements are made to avoid improper conflict of interest arising for those involved in decisionmaking;
- Respect the confidentiality of applicants, grantees and donors and use discretion in communicating with others about specific organizations and individuals;
- Treat grantees and colleagues with respect and abide by the principles of tolerance and non-discrimination;
- Encourage grantees to remain aware of and comply with their legal responsibilities.

CASE STUDIES OF GRANTMAKER ASSOCIATIONS AROUND THE WORLD:

European Foundation Centre

A case study of a multinational association

"If we want things to stay the same then they will have to change."

—*The Leopard* by Giuseppe Tomasi di Lampedusa

I *Organizational Profile*

The European Foundation Centre (EFC) was established by seven of Europe's leading foundations—Charities Aid Foundation, European Cultural Foundation, Fondation de France, Fundação Oriente, Juliana Welzijn Fonds, King Baudouin Foundation, and Stifterverband für die Deutsche Wissenschaft—on November 9, 1989, the day on which the Berlin Wall finally collapsed and the process of European unification assumed a new potential. Initially, the EFC was a project of the European Cultural Foundation. It gained legal independence as an international association under Belgian law on January 1, 1996.

Today, the EFC serves 211 members, associates and subscribers in 40 countries.[1] It also serves 250 community philanthropy initiatives as well as a further 50,000 organizations linked through a network of information and support centers. The EFC's Secretariat is in Brussels, Belgium. There is a branch office in Warsaw, Poland. At present, the EFC has 21 staff members[2], four of whom work in the office in Warsaw. In addition, 10-12 volunteers are involved yearly in core activities and projects. The staff represent 18 nationalities who speak 14 different languages. However, English is the Secretariat's main working language. The EFC's 2002 annual budget was Euro 2.97 million (US$2.91 million[3]).

The EFC promotes and underpins the work of foundations and corporate funders active in and with Europe. Its vision is a community of informed, inspired, committed, independent funders engaged in seeking solutions to challenges facing humanity in Europe and internationally. Its mission, as a knowledge-based membership association, is to strengthen organized philanthropy, which is embedded in and supports civil society in Europe and internationally.

RESEARCHED AND WRITTEN BY:

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WINGS
http://www.wingsweb.org

[1]EFC's membership in 2002 includes 37 Funding Members, 94 Members, 17 Guest Members, 57 Associates and six Subscribers.
[2]The staff includes one Chief Executive, two Directors, eight Programe/Project Coordinators and supporting staff, one Communications Coordinator, one Legal Affairs Officer, one Librarian, one Membership Coordinator, one Events Coordinator, two Accountants, one Computer Technician and one Receptionist/Volunteers' Coordinator.
[3]X-rates.com exchange rate, Euro 1.00 = US$0.980604, August 30, 2002.

The EFC helps nurture efforts aimed at supporting independent, accountable and sustainable funders throughout the "New Europe," particularly when the right to associate private capital for public benefit needs fostering.

EFC membership includes foundations and corporate funders from all regions of Europe. Membership is also open to funders worldwide interested in working in Europe or with European foundations. Current worldwide members include funders from Japan and the United States. In addition to the two main categories of membership, EFC Member and EFC Funding Member[4], provision is made for EFC Guests.[5] The Guest category for Central and Eastern European foundations is underwritten by a grant from the U.S.-based Charles Stewart Mott Foundation. Fundação Oriente sponsors a Guest program for Portuguese foundations. Agreement to observe the commitments laid down in the EFC Code of Practice is a *sine qua non* of membership.

The EFC's strength and effectiveness lie in its structure as a member-led organization.

Members guide the work of the EFC through participation on five major policy bodies—the European Union Committee, International Committee, Resource and Development Committee, Annual General Assembly and Conference (AGA) Planning Committee, and E.U. Enlargement Task Force. These five policy bodies empower members by broadening their participation in EFC affairs and increase the EFC's impact by widening its outreach.

The European Union Committee represents members' interests at the E.U. level and monitors developments within E.U. institutions. The E.U. Committee also advises the EFC's Governing Council on developments with regard to E.U. internal issues, interfaces with E.U. institutions and focuses on promoting an enabling operating environment for independent funders in the European Union, including encouraging research on organized philanthropy.

The member-led International Committee advises the EFC Governing Council on developments in organized philanthropy throughout Europe and the Americas, Africa, the Mediterranean and Asia. The Committee works in close contact with associations of funders in other world regions with which the EFC has concluded cooperation agreements, in particular with the Foundation Center and the Council on Foundations in the United States. The International Committee maintains a representation and monitoring role in relation to governmental bodies, such as the E.U. institutions concerned with external relations, the World Bank and NATO.

The Resource Development Committee secures and builds EFC resources through the development and implementation of the appropriate membership services and recruitment strategy, marketing and communications programs. The AGA Planning Committee develops the premier international event for independent donors and plays a considerable role in formulating the main themes of debate on independent giving in Europe and internationally.

The EFC's new Enlargement Task Force complements the roles of the European Union Committee and the International Committee by representing the needs and interests of EFC members from future E.U. Member States.

The committees and the Task Force report to the Governing Council, made up of EFC members. The Governing Council sets and oversees the vision, mission, institutional goals and strategies of the EFC. It is supported by a Management Committee, which focuses on specific activities and the way administrative and financial resources are managed. The top EFC decisionmaking body is its General Assembly of Members. The Assembly has an exclusive authority to amend the Articles of Association, approve the budget and accounts, dismiss members, appoint and remove members of the Governing Council and dissolve and liquidate the association. Technical assistance for the Assembly, the Governing Council and committee activities is provided by the EFC Secretariat.

The EFC's Annual General Assembly (AGA) and Conference brings together some 700 representatives of private and public donors active in and with Europe for the conference and satellite events. The Conference enables foundations and corporate donors to convene and address important issues, such as tax, legal and fiscal reform, as well as regional interests and trends. It also serves as an opportunity for members, public authorities and grantees to exchange ideas and best practice, to form partnerships

and to learn about the latest developments in the independent funding sector in Europe and the world. Each year, the EFC holds its AGA and Conference in a different European city, with Brussels serving as the host city every third year. Members in the country where the Conference takes place form a Host Committee, which plays an important role in the Conference. The responsibility for the content of the Conference rests with the AGA Host and Planning Committees, selected annually and composed of members with expertise and interest in the given theme of the event.

In conjunction with its AGA and Conference, the EFC organizes an annual meeting for various national associations of donors in Europe. This network is made possible with the support of the Ford Foundation.

II *Issues and Challenges of a Multinational Association*

Building European Philanthropic Consciousness and EFC's Membership Around a Code of Practice

The institutions of organized philanthropy have centuries-old traditions and deep roots in the European consciousness. EFC members perceive their role as increasing the efficiency of citizen participation by strengthening civil society and injecting "European" values into civil society. However, accepting the existence of "European" values is one thing; translating them into concrete action on a specific issue is another. It often requires considerable investment of time, resources, patience and goodwill. The debate on EFC membership or the meaning of "foundations in Europe" can serve as an example.

The word "foundation" has a different meaning throughout the continent. In some countries it is an endowed grantmaker (Italy). In others, it can be an intermediary or umbrella organization for private donors (Belgium, France, United Kingdom). Sometimes, it can also be a grantseeker or a think tank (Poland). It can be a non-grantmaking owner of business (Germany). Thus a first question is, "what sort of organizations may be admitted as members of the EFC?"

A second question concerns the meaning of "Europe." For many in the European Union, it means Member States. For some it means the continent, geographically speaking. For others it is a set of values such as respect for diversity, openness, transparency and belief in civil society as the bedrock of democracy.

A dedicated Code of Practice Task Force of members was formed to address these issues. In late 1995, the Task Force acknowledged that independent funders encompass an uncommonly broad variety of organizations with diverse structures, cultures and activities, and disparate concerns and policies. The Code expressly states that the European funding community includes countries in both the European Union and the wider Europe. The Code is an accommodation to European diversity and has since served as a starting point for discussions on developing more specific self-regulation at the national level. EFC membership is conditional upon subscribing to and observance of the tenets of the Code.

Those organizations that make grants and are working in Europe or with Europeans and subscribe to the Code of Practice are eligible for membership in the EFC. The Resource and Development Committee, whose mandate encompasses both membership and resourcing, processes applications for membership.

A concerted commitment to the vigorous application of a Code of Practice and the development of the craft of funding is more than an internal need for the institutions of organized philanthropy. It offers evidence that ethics and professionalism are at the core of organized funders' considerations.

Not insignificantly, the Code shows that independent donors are keen and capable of regulating themselves like other more-developed professional associations.

[4]Funding Members benefit from priority treatment regarding research requests and customized consultancy and services over and above those provided to members.
[5]Guests enjoy all the benefits of membership, except the right to vote at the Annual General Assembly (AGA).

Developing a Common Legal Framework

The work on the Code of Practice is complemented by a separate group of members constituting a Legal Task Force of the E.U. Committee.

The goal of this Task Force is to promote the legal operating framework for foundations in Europe by addressing three principal initiatives:

- *Increasing knowledge about the legal situations of foundations;*
- *Comparing the legal environments; and*
- *Developing a European legal framework for foundations.*

So far, the Task Force has developed brief country profiles covering the legal operating environments for foundations in E.U. Member States. It has also developed a comprehensive chart that allows a comparison of legal and fiscal regulations and practices across Europe and plans to benchmark good legal provisions and practices.

The Task Force is also drawing up a model statute for foundations based on a comparative study of the different legal systems for foundations in Europe. As current developments at the European level, such as the Statute for the European Association, do not promote an environment for foundations, the Legal Task Force is reviewing how the model statute could serve as an alternative to current E.U. proposals. This Statute for European Foundations could be an additional and optional European instrument for foundations, compatible with national regulations.

The Legal Task Force encountered legal traditions which have their roots in the social, political, and cultural histories of individual states. Such traditions are often part of the intellectual consciousness of individual members of a specific task force. It has also had to work with specific national legislative and fiscal provisions related to independent giving foundations. A compromise needs to be reached within the association; otherwise, it will be imposed from outside. Members have found it useful in preparing for this work to seek outside expertise.

Maintaining Effective Representation with E.U. and Global Institutions

The EFC's European Union Committee works to ensure that EFC members have a voice in the development of policy at the E.U. level. EFC representation runs throughout the relevant E.U. institutions, up to the Office of the President of the European Commission. At a meeting with EFC delegates in April 2001, President Romano Prodi proposed that the European Commission would join with foundations in a project aimed at bringing European cultures together.

In addition to activities with the European Commission, the EFC closely follows the activities of the European Parliament, the Council of Ministers, the Economic and Social Committee and the Committee of the Regions by tracking the Commission's work with social economy organizations, reinforcing contacts with various Commission departments, and responding to E.U. position papers concerning civil society in general and foundations in particular.

The EFC maintains contacts with other European and international organizations, such as the World Bank, the Council of Europe, the United Nations and UNESCO. In its work with European institutions, the primary issue has been to educate policymakers about EFC's unique character. Much work is still needed for this to be fully understood by public funders, foundations and corporate funders and to dispel any confusion between funders and associations.[6]

A bid to improve and refine relations between foundations and E.U. institutions prompted the E.U. Committee to prepare a document on the role and characteristics of foundations in Europe with the aim of promoting better knowledge, understanding and recognition of foundations in E.U. circles. The EFC position paper "Working with Foundations in Europe: Why and How?" outlines the unique characteristics of foundations and emphasizes the potential role they can play in fostering democracy and promoting socio-economic development. The paper is used as a basis for dialogue with the European Commission.

[6]This is manifested in the continuing refusal of the European Commission's Consultative Committee for Cooperatives, Mutual Societies, Associations and Foundations to recognize foundations as being unique in relation to citizens' associations.

Finding Creative Approaches for Raising Resources

The principal rationale for the creation of the EFC was to create a council-like body capable of representing the interests of foundations and corporate donors at the European institutional level. Complementary reasons for establishing the EFC included having a central pool of key services, such as convening, and the provision of information.

It soon became apparent that to build the EFC's membership, considerable effort was needed to strengthen its services. In 1989, there was very little European-level information on the role and contribution of independent donors to society. Hence, the first work was to create a public record and public information service on the work of independent donors. The Orpheus Program was designed to meet this need. Initially, it faced a number of challenges, including:

- How to create a public record on the work of independent donors;
- How to create this record in more than 35 different countries, using more than 20 different languages and having varied cultural, political, religious, socio-economic and legal traditions; and
- How to create the record with virtually no resources.

With the support of the Charles Stewart Mott Foundation, the Foundation Center in New York seconded an experienced staff member for five years to get the program off the ground. The decentralized Orpheus network grew rapidly and expanded to include organizations dedicated to serving civil society in their respective countries, including associations of donors. The funding for Orpheus continues to come chiefly from members on a project basis for development work. It also comes from the sale of various publications (e.g., directories), as well as from an increase in membership fees.

From this experience, the EFC learned that creative ideas that build on genuine and timely needs may be more valuable than money. Over the years, the EFC has had a number of staff seconded from members and has found this approach to be a useful way to acquire needed resources.[7]

Reaching Out to Members

Interest Groups. The EFC has developed a variety of programs and internal structures to enable broad participation in the EFC and to encourage interaction among its members. An essential element of the success of the Orpheus Program was its ability to identify and respond rapidly and efficiently to genuine needs of independent donors. This was made possible by the creation of member-led Interest Groups. These informal coalitions may be subject-specific (e.g., Education and Youth) or geographic (e.g., Grantmakers East Group, which has reached nearly 500 representatives of private and public donors who have expressed interest in being kept informed of the Group's activities).

Interest Groups help to ensure member and donor participation, indeed "ownership" of projects. However, Interest Groups require considerable up-front investment of resources and staff time. There is much listening that needs to be done. Information needs to be synthesized and the administrative burden is considerable for senior staff.

Two important lessons were learned in this process. First, foundation staff are generally great with analytical and deductive skills. They apply or develop rules to specific circumstances and make their decisions accordingly. Working with colleagues from different organizations in an association-type setting allows them to strengthen their abilities to synthesize information. They examine specific instances of action and try to see what common principle there is and what activity would be most appropriate to add a multiplier effect or extra value to their efforts.

Second, many foundation program officers still need to learn how associations like the EFC work. For example, in discussing the budget, the focus is usually on getting the proposal approved, improved or rejected. Program officers need to realize that, unlike foundations, associations need to raise funds, and that process involves resources.

[7]*Seconded staff have included Mark Furuyama from the Sasakawa Peace Foundation (Japan) who spearheaded Corporate Citizenship activities in the mid-1990s and Suzanne Feurt from the Mott Foundation (United States) who launched the Community Philanthropy Initiative described elsewhere in this publication. Junior staff have been sponsored by the Fundação Oriente (Portugal). The EFC's present legal advisor, Hanna Surmatz, is an employee of Bundersverband Deutscher Stiftungen (German Association of Foundations), and is seconded to the EFC thanks to the generous support of Gemeinnützige Hertie-Stiftung, Körber-Stiftung, and Robert Bosch-Stiftung, themselves members of the EFC and of the German association.*

Improving Services for Members, Staff and Board Members. After a steady growth in membership for the first seven years, the EFC arrived at a plateau. It was understandable to the extent that while there are some 200,000 foundations in Europe, only a small minority work across borders and consider themselves European. But there also came a point when the EFC began losing a small number of important funders. The problem lay in the fact that the EFC was working at a single level, usually with the Director or senior program staff of the member organization. Once that staff person left the member organization, the institutional memory of the relationship with the EFC also vanished.

With considerable help from its Board, the EFC developed and implemented a series of initiatives targeting a variety of member staff and their board members. In addition to Interest Groups, these programs include training for documentalists, fundraising seminars for foundations interested in leveraging their resources better, program officer training and technology-based initiatives.

For the EFC, the added value of this approach was a changed perception on the part of members. They began to see the EFC as having "roots" (services) as well as the traditional "wings" of policymakers. While the heads of foundations are usually concerned with keeping abreast of political and legal developments likely to have impact on their operations, their staff are generally focused on sharpening their craft of grantmaking and maximizing the effect of their resources. The EFC found ways to meet the needs of both. One unexpected bonus was the generation of additional income for these services, which over time allowed the EFC to pay for a dedicated staff person for coordination of Membership Services.

Responding to Intergenerational Transfers of Wealth. In 2001, approximately 1,000 endowed foundations were newly established in Germany. The backbone of Germany's and Europe's economic successes—small and medium enterprises—were starting to embark on a consolidation process. But their biggest challenge was to find new owners to take over from the post-war generation that was retiring or about to retire. Generally, the children of the current owners were not interested in taking over these family businesses, for the businesses demanded a great deal of personal sacrifice in return for the wealth they generated. This phenomenon, together with Europeans getting increasingly grey, gave rise to the largest-ever intergenerational transfer of wealth in European history, posing special opportunities revolving around harnessing the new wealth for public benefit in the form of organized giving. In response, the EFC developed a program to enable wealthy individuals to engage in effective and efficient grantmaking. The program complements similar efforts at enabling small foundations to develop further their grantmaking craft.

Community Foundations. In 2002, there were some 250 community philanthropy initiatives in Europe, with at least 50 others in the formation stage. They were present in 17 countries or regions, including Belgium, Bulgaria, Carpathian Euro-region (a region comprised of Hungary, Slovakia, Poland, Romania and Ukraine), the Czech Republic, Germany, Great Britain, France, Ireland, Italy, Northern-Ireland, Poland, Portugal, Russia and Slovakia. Other countries where the community foundation concept is being explored include the Baltic States (Estonia, Latvia and Lithuania), Hungary (where United Way plays an important role in terms of community philanthropy activities), Spain and Ukraine.

The EFC's Community Philanthropy Initiative (CPI) began in 1997 with the support of the Mott Foundation and The Atlantic Philanthropies and became a formal project of the EFC in January 2000. A second phase is foreseen for the period 2003-2005. The project aims to promote the development of community foundations and other types of local philanthropic organizations through a range of information, technical assistance, training, networking, research and advocacy services. One of its main thrusts is to develop a European-level network of community philanthropy organizations, national support centers, funders and other interested groups. In addition, CPI has played an advisory role in the development of several transatlantic and global community philanthropy networks.

The official launch of CPI in January 2000 resulted both from the interest demonstrated by the Mott Foundation to stimulate the exchange of information and debate in Europe on community philanthropy and the general wish of other EFC members to monitor developments in the community philanthropy movement throughout the continent. EFC members recognized the importance of this task. They observed the exponential growth in the number of community philanthropy organizations in Europe and thus the need to respond in a formal way.

Developing a European-level network of community philanthropy organizations is a challenge that CPI will look at in more detail during the second phase of the project. This is an issue that implies not only extensive discussion with those working in the field to understand their needs, but also a more strategic debate inside the EFC on what this network would like and what its main objectives and activities would be. CPI focuses, in part, on endowment building and the importance of the consequent sustainability principle (i.e., long-term community development), which is one of the most unique features of community foundations.

CPI's work has demonstrated the relevance of the community philanthropy concept for individuals and groups all over Europe through its adaptability to different national realities and local contexts. In fact, the community foundation movement in Europe is experimenting with a variety of models, some closer to the U.S. model than others, but all of them very committed to the fundamental principles of community philanthropy. This is also a challenge. Representing a movement made up of so many different organizations entails compromise and a slower pace. Finding common platforms is a long-term process. Furthermore, balancing the local nature of these foundations with a pan-European EFC agenda is another challenge that CPI is helping to overcome, in particular via its annual networking meetings and the regular exchange of information.

Corporate Citizenship: Global Vision, Local Impact.
EFC corporate members represent primarily multinational corporations and as such have very specific interests and needs. Being global actors, they are increasingly expected to engage as partners in all aspects of the societies in which they operate and take responsibility, not unlike individual citizens, for strengthening communities and building social capital.

Managing a global corporate citizenship program at the local level and identifying strategic partners present major challenges for global corporate donors. Cooperation with foundations creates added value for corporate funders; it not only connects them with experienced philanthropies and enhances their image in the community, but also enables them to draw on the foundations' resources, networks, knowledge of the community and expertise in program management.

At the same time, such partnerships bring new dynamics and the potential for innovation in the work of foundations.

Responding to this issue and recognizing the mutual advantage for foundations and corporate donors, EFC's Corporate Citizenship Europe program has been designed to promote and underpin good corporate citizenship through:

- Assisting corporations to effectively implement their global corporate citizenship strategies at the local level in Europe, the Mediterranean region, Africa and Asia through encouraging and facilitating partnerships with foundations and other civil society actors;
- Facilitating the exchange of information and best practices through communications and convening; and,
- Enhancing the understanding of corporates and foundations about the way each group operates, their specific areas of expertise and the added value of partnerships and joint ventures.

The EFC provides platforms for dialogue and learning through the various thematic or regionally-based programs, as well as in a wide range of convening opportunities.

Research

Organized funders, including Europe's biggest and most prestigious foundations, devote considerable resources to research. Paradoxically, from a comparative, cross-national point of view, few types of organizations have received less attention by policy analysts and researchers than organized funders.

Fondation de France, in the role of Chair of the E.U. Committee, is spearheading an initiative by European funders to set up a research fund catering to European philanthropy and the craft of funding. Until every public and university library in Europe displays a collection of in-depth works on organized giving, foundations and corporate donors will never have the broad respectability that they should command. It is a European tradition that adequate resourcing goes with a status soundly supported by research.

III *Guidelines and Lessons Learned*

The Big Picture: Working with Multi-Country Members

- Remember that any multinational association, like the EFC, is embedded in a socio-political economic matrix. This matrix changes constantly and it is crucial to stay in tune with developments and be ready to change while preserving core values.
- Recognize the unique role for independent donors, but remind them that they are in fact embedded in civil society.
- Build consensus gradually and focus on developing services based on the genuine needs of the membership, which represents different cultural, political and social backgrounds. Whenever possible, give leadership of projects to members while providing strong technical assistance.
- Remember that most members want the association to put them in a leadership position on issues of interest to them. Enable members to think and act as statesmen who think of the next generation as opposed to politicians who think of the next election.
- Create a member-driven mechanism for the deliberation of fundamental issues (e.g., membership). These mechanisms (such as the Code of Practice Task Force) need to take account of such factors as the geographic distribution of members. They also need to report directly to the decisionmaking body of the association, thereby making it easier to translate its consensus into action without too much additional debate.

Resources

- Keep an eye on the bottom line. Do not spend money on projects that is not already in the bank or formally pledged.
- Keep your search wide when looking for resources. Explore the possibility of outsourcing parts of the projects and having members' staff seconded to you.

Working with Other Associations

- Enter into symbiotic, rather than competitive, relationships with national-level associations by providing added value to those associations. In a multi-lingual international platform of funding information, the development of a network of national level sources of information is essential.
- Get involved with global players to get a feeling for what it is like to be part of a network that you do not run, to benefit from the experience of other associations working in a multi-national environment and to add value to members' efforts by addressing global policy issues.

Knowledge World

- Prepare for a constantly increasing investment in information technology and the building and creating of knowledge. Few donors are prepared to fund these efforts, the value of which must be constantly communicated to funders and members alike.

Development of New Philanthropic Initiatives

- With an increasing number of single individuals becoming wealthier, international donors' associations need to find their niche in providing services to those individuals to encourage the growth of philanthropy generally and strengthen the accountability, transparency, professionalism and legitimacy of private giving.

GIFE—Grupo de Institutos, Fundações e Empresas

BRAZIL

A case study of a multipurpose association serving grantmakers and grantseekers

I *Organizational Profile*

GIFE—Grupo de Institutos, Fundações e Empresas is the first grantmaker association in South America. Based in São Paulo, Brazil, the organization was officially founded on May 26, 1995, after five years of informal activities. The word GIFE is an acronym in Portuguese, which stands for "group of institutes, foundations and enterprises."

GIFE is a nationwide association of 66 private organizations that invest, on a systematic and voluntary basis, in social programs and projects throughout the country. In 2001, it is estimated that GIFE's members invested more than R$630 million (630 million *reals* or roughly US$270 million[1]) in the social area. Consolidated data in Brazilian currency shows that the funds devoted to social well-being by the association's network grew almost 16 percent for the period 1997-2000.

GIFE's membership is very diverse; therefore, this case study deals with the development of a grantmaker association marked by the diversity of its members. Although categorizing GIFE members according to a strict breakdown remains a challenge, the association's membership is roughly as follows: institutions that make grants only (18.2 percent), institutions that make grants and operate social projects (39.4 percent), and institutions that only operate projects (42.4 percent). Additionally, at least 10 percent of members complement their budgets by obtaining resources from third parties.

GIFE was created during Brazil's re-democratization process. The organization was born from the effort of a handful of business and foundation leaders, who began meeting through the Community Relations Committee of the American Chamber of Commerce of São Paulo. The group soon gained an identity of its own and began holding bi-monthly meetings with the objective of developing a better understanding of the country's social context, exchanging experiences and discussing mutual issues.

The general feeling of its members was that the Brazilian state was not able to single-handedly satisfy the country's numerous social demands. In turn, the private initiative's role should transcend the generation of jobs and wealth—that is, take on a greater commitment and participate directly in the search for solutions to Brazil's social problems.

[1]*Conversion based on the average dollar rate in 2001, as per Central Bank of Brazil official daily exchange rates.*

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In the early 1990s, a series of scandals surfaced involving philanthropic activities that linked the government and civil society, causing GIFE to rethink its status as an informal group and to reposition itself in the community. The idea evolved to institutionalize GIFE's work as a cooperation network, beginning with a definitive attempt to show the public that several serious private organizations did exist in Brazilian society. The association's representatives prepared a Code of Ethics which functioned as a coupling element around common values such as recommending that social investment practices not be misinterpreted or used as a tool for commercializing goods on the part of corporations that invested in social activities. The organization also developed Bylaws, which were approved by 25 founding members during the entity's constitution meeting.

As stated in its mission, GIFE's primary objective is "to improve and disseminate concepts and practices regarding the use of private resources for the development of well-being." Its activities encompass two major goals. The first goal is to provide members with content and tools to assist them to better fulfill their missions and, at the same time, promote or facilitate the exchange of information and experiences among members of the network. The second goal is to operate as an advocacy organization in the field of private social investment.

In practice, these two goals are achieved through the organization of conferences, lectures, courses and workshops; the production and dissemination of knowledge through publications; the gathering and disclosure of data about the sector; the development of real opportunities for meeting and the availability of electronic tools for interconnecting the network of members; the dissemination of ideas and concepts through the press and participation in domestic and international discussion forums; and political representation in favor of causes that stimulate private social investment.

GIFE is headed by a Board of Directors composed of at least five and a maximum of 11 board-elected directors who are members of the association. It also has an Advisory Board composed of member representatives and of other renowned civil society organizations. In terms of operations, it has a staff of ten hired professionals[2] working in four areas: executive board, administration, information and communication, and training and mobilization.

Throughout its history, GIFE has been strongly influenced by U.S. philanthropy both in terms of financial support from U.S. foundations as well as in the development of the conceptual model for the association. In the early 1990s, the lack of regional references regarding private social investor associations led GIFE to rely on North American experiences for getting the association on its feet. Close relationships with the InterAmerican, W.K. Kellogg and Ford foundations—GIFE's main initial supporters—also connected the association with U.S. philanthropy.

As GIFE and Brazil's nonprofit sector expanded, national approaches began to develop. To be self-sustaining, GIFE has designed a strategy that gives priority to increasing the association's membership base, the sale of products and strategic counseling, as well as local funding, which also translates into encouraging members to finance projects, in addition to contributing their annual fees.

Brazil's tax legislation is still hostile to private social investment, which inhibits the development of local funding resources. Few laws encourage donations to social initiatives; the most important ones are linked to the cultural area. A comprehensive survey carried out by GIFE in 2000 indicated that, within its network of members, only 20.6 percent of the companies that make social investments, whether directly or through the foundations and other institutions they maintain, benefit from some type of tax incentive; the other 79.4 percent do so as pure donations. On the one hand, such rates demonstrate how little the government does to promote philanthropy; on the other

hand, it reveals the considerable willingness to give and sense of responsibility towards the community on the part of Brazil's private sector. Improving the legal framework in Brazil represents GIFE's key advocacy work objective.

The government's latest estimates reveal that in 1999, almost 54 million people lived below the poverty line in Brazil. Activities by private social investors have not been sufficient to overturn this situation. As such, associations like GIFE and its members work hard to expand the social investor base—which would be considerably expanded by a more favorable tax scenario—and to create successful models that can be universalized by the government.

II *Issues and Challenges of a Multipurpose Association*

Diversity among GIFE's membership has been both an asset and a liability to the organization. It is an asset in view of the wealth of information and knowledge which can be gained from each member's experiences and which becomes an advantage for the whole network. It is a liability because of the multiplicity of demands that fall on the association, triggered by the distinct stages of development, characteristics and interests of its diverse membership, which impose challenges to GIFE in terms of fulfilling its mission.

Recognition of this reality led GIFE to prioritize more encompassing themes and services, such as institutional issues that affect all members, regardless of their profile. One solution identified to meet the specific demands of diverse elements in the membership, without losing the focus on the principle of mutual help, was to stimulate the formation of affinity groups. These are groups within the network which unite organizations dedicated to the same grantmaking area or sector. Within these groups, members discuss issues related to the nature of their activities, as well as suggest and submit projects for joint development with GIFE's support. The first groups to be formed addressed sectors that involved a number of members, such as education, environment, culture, health and community development.

It is common for Brazilian grantmakers to focus on *operating* projects. There are several reasons for this. First, Brazil is a country in which the practice of charity and donations to cover emergency needs have traditionally dominated philanthropy without necessarily providing any permanent, long-term benefit to those receiving the resources. In order to change the course of history, many donors have lately preferred to allocate their resources to initiatives that are capable of promoting the target audience and that are under their control. Second, through their own projects, donors feel greater assurance regarding the use of funds, while at the same time they seek to develop innovative technologies in social investment. In other words, many try to do more and better with less. Third, in some cases, the prevailing notion is that there is more value in operating a program than in financing one.

In the opinion of certain leaders from Brazil's Third Sector, "donating" is as complicated as "receiving" resources in this country. As a result, regardless of how much GIFE was influenced by North American philanthropy, the word "philanthropy," which is widely used in the United States to express voluntary actions, was not adopted by GIFE. This is because, in the Brazilian culture, it refers to its original meaning of "love to humanity," symbolizing actions that are paternalistic and unconcerned with their real impact. The word also carries some stigma of dishonesty, an inheritance from past corrupt philanthropic institutions.

As such, although fraternity and solidarity were determining values in GIFE's constitution even before its formal existence, the association elected as its cause the promotion and dissemination of social investment. Members believed this concept better expressed the importance of pursuing results and a professionalism—traits that are ever-present in the business origins of its members—and integrated it into the organization's culture and Code of Ethics.

Another value that guided the institution in its early years was reverence for corporate citizenship. However, in the late 1990s, GIFE clearly turned its attention to private social investment.

[2]*May 2002 data.*

The concept of "private social investment," defined by GIFE as "the planned, monitored and voluntary use of private funds coming from individuals, families or corporations for projects of social interest," allowed for the inclusion in the association of other philanthropists such as family and independent foundations.

Although GIFE is still very connected to corporate philanthropy—65 percent of its present members have strong corporate ties—it has been successful in expanding its membership base while embracing a wider audience.

III *Stages of Development*

There have been four stages of development in GIFE's history to date. These are described in the paragraphs below.

The Informal Stage. The pre-formalization stage, 1990-95, was characterized by the coming together of people around the idea of developing social participation in the private sector and by the collective development of programs for such. Building the member network occurred in quite an intuitive manner, triggered by the interests and needs of those involved. This approach was fundamental to shaping the institutional base and linkages that would support the formal birth of the association. During this stage, GIFE's constitution was written.

The Incorporating Stage. Between 1995 and 1998 GIFE was faced with the challenge of transforming itself from a club of leaders engaged in the social arena to becoming the sole representative of social investment in Brazil, directed primarily by corporations. The diversity of the association's members hindered the development of consensus, especially with regard to polemic issues that required positioning and that could trigger discussion. Such situations continue to be a challenge. In this stage, GIFE was preoccupied with finding ways to survive, defining clear roles and having a streamlined structure. "To exist" was at that moment more important than "to be."

The Growing Pains Stage. In 1999, the increasing professionalization of the country's Third Sector, the appearance of other associative organizations and the shift in the debate from the company's social role to the field of corporate social responsibility, required GIFE to enter a new phase and realign itself. After all, what was the organization's purpose? Such reflection mobilized the association's Board of Directors, who consulted its member base and ultimately proposed to re-focus GIFE's agenda on equipping organizations to practice private social investment.

A review of the Bylaws expanded the scope of potential members, allowing organizations initiated by personal entities or families to join. An action plan, prepared and approved by international financing entities, gave priority to benefiting members and to contracting a professional executive director with the power to manage the association. Until then, the President-Director, with the participation of other Board members, had mainly exercised that function. This was possible because the majority of members operated social projects, and thus an executive profile was, and remains, very present in the organization's Board of Directors.

Consolidation Stage: The Beginning of a Permanent Process. The 2000-2002 period was a stage of accomplishments for GIFE that focused on serving the needs of members. GIFE's staff developed a portfolio of activities, including workshops and courses on management tools and a national conference; a new executive office with meeting room space for members and a public library; a website that includes the association's newsletter and an intranet for members containing exclusive services such as a list of recommended consultants and a project database; improved communication with members and the public; a survey of the entire network of members; and research studies on the profile of Brazilian grantmakers and about press coverage regarding private social investment, both of which were transformed into publications. In addition to services, advocacy actions were intensified during 2001 in the legal framework arena.

This stage, which focused on the legitimacy and sustainability of the organization, adopted a strategy of member fidelity and expansion of the association's member base. Still in progress, this strategy has been successful, although it needs some adjustments in direction. As a consequence of prioritizing GIFE's services, certain members began to perceive themselves more as clients than parties co-responsible for GIFE's construction.

Developing member consensus is a challenge that is being addressed through the growing awareness of a horizontal network concept, the strengthening of ties and the opening up of channels for more effective participation by members in the association's day-to-day activities.

GIFE's main role is now to act as an animator for the network.

Another important activity GIFE undertook at this stage was in the area of advocacy for effective public policies. History shows that GIFE has been skillful in including the private social investment cause in the national agenda through the press. However, its performance has not been up to par with regard to the fight for more favorable policies, especially in the fiscal area. Having an association that is strong in services is difficult if the social, political and legal environments are inhospitable.

In general, GIFE's more mature members, which participated in the association's creation, tend to understand more easily the importance of advocacy work, while younger members concentrate on demands for member services. Advocacy activities require the dedication of time and resources and are less tangible than the products offered in the form of services. In order to justify these activities in the budget, it is necessary to structure an action plan and couple it with a continuous and efficient communication strategy that demonstrates the relevance of GIFE's advocacy efforts to association members and to society at large.

GIFE's main challenge in this stage was to ensure the association's financial sustainability. In 2000, the association's budget totaled R$2.14 million (2.14 million *reals* or US$1.17 million[3])— 68 percent from agreements with foreign foundations to be allocated towards projects, 20 percent from event revenues, 11 percent from member annuities, and 1 percent from other donations. In 2001, the budget amounted to R$2.02 million (2.02 million reals or roughly US$860,000[4])—72 percent from agreements for projects, 18 percent from member annuities, 7 percent from the sales of products and courses, and 3 percent from rent income from properties donated to GIFE and other donations. For 2002, GIFE expected to operate with a R$1.74 million budget (1.74 million reals or roughly US$740,000[5])—59 percent from event revenues, sales of products and courses, 27 percent from member annuities, 8 percent from agreements with social investors for funding specific projects, and 6 percent from rent income from properties donated to GIFE and other donations.

GIFE's goal in terms of sustainability is to continue expanding the association's membership, which jumped from 42 members in 1999 to 66 members in 2002. The goal was to end 2002 with 100 members. In addition, the organization has prepared itself to provide special consulting services for a fee at the same time it continues with its strategy of raising funds for new projects.

Curiously, GIFE is experiencing the paradox of being an association poor in financial resources while it represents wealthy organizations. The leveraging of funds through its own network and the reduction of GIFE's dependency on international financing agents is an obstacle yet to be overcome. As one of its former presidents noted, GIFE was born with its feet in Brazil and its head in the United States. The present moment calls for the organization to keep its head in Brazil and its feet in the world.

[3]*Conversion based on the average dollar rate in 2000, as per Central Bank of Brazil official daily exchange rates.*
[4]*Conversion based on the average dollar rate in 2001, as per Central Bank of Brazil official daily exchange rates.*
[5]*Conversion based on the average dollar rate in 2002, as per Central Bank of Brazil official daily exchange rates through April 30, 2002.*

IV *Guidelines and Lessons Learned*

Institutional Development

- The dedication of time towards conceptual discussions and the definition of policy positions of the members is necessary and highly recommended. Even if exhausting, such discussions are the only path towards the creation of one's own culture that paves the way to forming an association, outlining the collective strengths and making it important to all its members. GIFE spent five years in this phase.
- Meeting members' needs as well as defending the association's overall social cause is essential to the success of an organization. Joining these two goals is a difficult task because they refer to areas with absolutely distinct routines, which require separate budgets and professionals with different profiles and competencies. The effort, however, is necessary since one area supports the other.
- The periodic review of the association's mission, vision and focus is a healthy and recommended effort, as are adjustments of its structure to accommodate change.
- The existence of objective and selective membership criteria, which means opening the association's doors only to credible organizations in the social area, is a crucial success factor. As the association grows, such criteria must also be revisited.

Participation in international networks of grantmaker associations significantly helps an association to obtain knowledge and an overall vision of the sector and to expand its perspectives. It also enables the association to share its experience with other organizations, creating a global critical mass for private social investment.

- Using a democratic and organized methodology to stimulate the participation of members contributes significantly to the building of ties among members. This can be done through product and service queries requested through the network and by generating a list of truly collective priorities from the membership.
- A strong member communication policy and program considerably leverages the association's work. It is necessary to be very clear in determining message, audience, timing and medium to achieve effective communications with members and others.
- The availability of tangible products for and services to members from the beginning is an important practice. Services that focus on assisting members in their daily philanthropic activities and that facilitate the interaction among members help to create fidelity and provide a sense of belonging. While the services offered should meet the immediate demands of members, they should also anticipate future demands. It is the responsibility of the association's technical staff to identify potential needs and to proactively propose appropriate products.
- Apart from the products and services that cater to the management and technical staff of member organizations, the association must also remember to offer programs that serve the top executives of foundations.
- The sale of consulting/advisory services requires the formation of a competent technical team, which in turn requires investing in staff.
- Although the participation of Board members in the association's executive tasks is a sign of commitment and involvement, the best assets that such leaders can provide to an association are their macro vision and strategic thinking skills. Attention should be given to developing a Board representative of the diverse membership and providing Board members with governance empowerment mechanisms. Organizations that have an Advisory Board, such as GIFE, can stimulate such forums to act as "think tanks," defining positions on delicate issues or preparing studies about themes of major repercussion in the sector.

- To avoid conflicts of interest among members, such as in a bidding process for services, the association should establish clear guidelines and instruments that facilitate decisionmaking and the resolution of conflicts.

Financial Sustainability

- The creation of any nonprofit organization depends on the funding support from entities that understand the importance and scope such an organization seeks to present. If an entity being created brings a totally new agenda to a country, it will most probably have to rely on the initial support of foreign grantmakers that acknowledge the relevance of the work it intends to accomplish.

The sustainability of an association should be based on the following tripod: (1) member contributions (dues), (2) fees and the sales of products and services and (3) fundraising for special projects.

- Living with some deficit in fixed costs during the first few years of an association is quite normal. To fear a deficit situation and not invest paralyzes the association's implementation process.
- It is common for an association to have difficulties in fundraising from its member base in its early years. As the association grows, however, it is important that members become aware of their role and responsibility in financing the association's projects, such as the preparation of a survey, printing of a publication, maintenance of a website or other services that cost money to the association. Members must keep in mind that an association is not merely a service provider, but an organization that defends a cause and that such work needs to be financed by the association's member base.
- Grantmaker associations are nonprofit organizations that need financial support just as much as the other non-governmental organizations traditionally supported by grantmakers. As such, it is recommended that individual members find ways of providing financial support to their association.

Public Policy and Government Relations

- The formulation of more favorable public policies for the nonprofit sector depends on successful advocacy work by the association.
- Involving the top management of member organizations can be particularly productive when one wishes to influence public policy.
- Advocacy work should be done together with other representative organizations in the sector.

Media Relations and Public Education

- The media can be a strong ally in an association's advocacy work. The media is the main vehicle for public education about philanthropy.
- In order to access the press, one must be prepared. This means seeking media attention for the cause rather than the association's visibility, compiling and systemizing data about the network and maintaining contacts with the press, respecting the code of conduct that governs their work.
- Particular communications work may require the contracting of specialized professionals with appropriate contacts, skills, etc.
- Increased visibility for the cause and the association through the press is favorable both from an internal point of view, reflecting an increased legitimacy towards its members, and from an external point of view, gaining the attention of potential members and mobilizing society.
- Establishing a relationship of trust with the media is a long-term engagement which ideally culminates in the association gaining status as a reference point within the sector.
- Due to their autonomy and knowledge of the social area, associations can provide leads to the press about relevant member projects that are worthy of coverage.

The League of Corporate Foundations, Inc.

PHILIPPINES

A case study of an association of corporate foundations

I *Organizational Profile*

In 1991, 13 corporate foundation members of the Philippines' Association of Foundations, a nationwide network of non-government organizations (NGOs) and people's organizations, got together and shared their experiences as the philanthropic arms of their respective business organizations. The informal discussions eventually resulted in the establishment of the League of Corporate Foundations, Inc. (LCF). Officially registered with the Philippine Securities and Exchange Commission on November 13, 1996, LCF has increased its membership rapidly in the past decade to include 50 corporate foundations and business organizations. Current membership includes two NGO networks and six associate members (i.e., corporations with no separate social development foundations).

Governed by a seven-member Board of Directors, LCF is organized into seven committees, representing the major areas of involvement of the entire membership.[1] Elected every year, each with a two-year term, the Board selects officers from among themselves to serve for a year, effectively rotating leadership roles. Chairpersons of the various committees are likewise elected for yearly terms. A full-time Secretariat composed of an Executive Director and an Administrative Assistant provides support and program-related services both to the Board and to the different committees. For special projects, however, lead officers and members enhance the Secretariat support by seconding their own staff to help organize specific activities.

Over the years, aside from maintaining its focus as a service provider to its members to help bring about enhanced institutional capabilities in distinct areas of social development, LCF has evolved to effectively engage in external advocacy work. In this regard, information resources and networking contacts in addition to coordinative functions are lodged mainly with the Secretariat. Technical services such as research and training can also be accessed from and utilized by member foundations, either directly or facilitated by the Secretariat.

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[1]*The LCF Board has established the following committees: Arts and Culture, Education, Entrepreneurship Development, Environment, Health, Communications, and Research and Training.*

Primarily driven by the Board of Directors, LCF implements its programs largely through the various committees. Programs jointly implemented by members of a committee are usually those that are commonly undertaken by individual members of the particular committee, thereby providing a venue to share best practices and maximize resources and impacts. Either as a whole or in specific projects undertaken by the committees, LCF works with government agencies and other social development organizations to help promote multi-sectoral partnership and cooperation.

LCF assesses member foundations with specific fees to supplement annual membership dues and defray expenses for common activities and, to a certain extent, fund projects implemented by the League as a whole. While principally dependent on these internal funding sources, LCF has also received grants for the implementation of specific activities.

II *The Evolution of LCF: From Social Club to Social Catalyst*

Aside from generating wealth and employment, private businesses have traditionally assumed the role of donors for community projects or welfare programs sponsored by the government. For the most part, however, their involvement in social development has been in the form of financial assistance that has amounted to dole-outs and resulted in short-lived palliatives.

While many of these projects were implemented with or through NGOs, a number of business organizations have also established entirely separate organizations that serve as their philanthropic arms. In addition to serving as conduits of funds, these corporate foundations directly implement social development projects and are active partners of communities where they operate. Apart from their dual roles as implementing agencies and as donors of funds, corporate foundations are considered hybrid NGOs because they employ professional development workers to work within a business organization.

The following paragraphs describe the stages of development of the League of Corporate Foundations. In coming together to form an association of corporate foundations, LCF experienced numerous challenges and faced a variety of issues which needed to be resolved if LCF was to become an effective voice for corporate philanthropy.

1991-1994: The Early Years of Institution Building. By the early 1990s, a number of corporate foundations had become members of the Association of Foundations (AF), one of the Philippines' oldest NGO networks. Compared to traditional NGOs in the network, corporate foundations had no difficulty generating funds to finance and sustain their operations. Realizing this particular potential of corporate foundations to help sustain the operations of other NGOs in the network, the incumbent Executive Director of the AF decided to organize member corporate foundations into a distinct sub-sector.

From the initial meetings, the representatives of corporate foundations realized that they had more in common among themselves than with the other NGOs in the network. While they enjoyed certain advantages because of their attachment to business organizations, the institutional nature of their organizations posed a unique set of problems. For example, while they were supported by their respective principals and managed their own funds, other NGOs looked upon them as elitists and considered them pseudo-NGOs.

In this context, the first sharing sessions served as therapy for the representatives of corporate foundations in the network. Much later, the realization that they could reinforce and learn from one another, analyze and solve common problems, come up with joint projects based on shared objectives and eventually strengthen their own individual organizational capabilities, served as a basis to initiate the conduct of more regular discussions.

Some of the common issues and challenges that surfaced during these discussions included:

- Perception of providing "window dressing" to the business operations of their mother corporations and acting as tax shelters.
- Need for external and internal advocacy to encourage other corporations to develop their own foundations while properly communicating their missions and objectives to concerned principals to solicit their support and make corporate social responsibility (CSR) a part of the strategic plan and corporate culture of the mother corporation.
- Establishment of a vision and strategic plan, as well as generating their own funds, to ensure long-term viability.
- Tenure, continuity and responsibility of staff assigned to corporate foundations by their mother corporations.

True to its emerging nature as a mechanism to help strengthen the capabilities of individual corporate foundations, the core group which eventually started LCF conducted brainstorming sessions to study and propose responses to address these formidable tasks. Individually and collectively, these sessions helped shape the values and direction of member corporate foundations and equipped them for the greater challenges that lay ahead.

1994-1996: A Period of Consolidation. From five members, the core group grew by another eight, so that by the time of its formal registration in 1996, LCF had 13 founding members. The official establishment of LCF came about only after the original core group overcame a major challenge in the form of a restriction that required prospective members of LCF to become members first of the Association of Foundations. As the corporate foundations became aware of their commonalities and started to veer away from the AF to informally organize as a distinct unit, other corporate foundations who were not members of the AF expressed interest in joining only LCF. Acknowledging the vast potential of an expanded group of organized corporate foundations, the requirement was eventually waived to allow non-AF members to join LCF.

Seeing the collective potential of the organization, it was suggested that LCF members adopt a common agenda and in the process influence each other's programs. At that time, however, the members felt that each had a set of programs and priorities that they needed and wanted to pursue and they would not think well of LCF if it tried to impose one view on all of them. In addition, many of the founding members had little or no monitoring and documentation system in place for effectively evaluating the impact of their respective programs, which made identification of possible joint projects much more difficult.

The corporate foundations differed quite markedly in the institutional mandate that they enjoyed from their principals though they may have had similar governance structures and access to corporate resources. In the beginning, the differences in their institutional mandates did affect their ability to work together, but as the members accepted that the different mandates were valid in themselves and that the members' programs added value to society, it became easier to work together on activities. For example, the "Flags for Public Schools," a project to celebrate the Centennial of the Philippine Republic, did not affect the individual members' programs and activities, but was an incremental project of LCF and there was no expectation that all members would give the same amount.

The utmost cooperation and transparency among the initial members enabled them to learn substantially from the experiences of one another. Relevant insights on best practices were freely shared with the group. In the process, both institutional and personal relationships were cultivated and significantly enhanced. Finally, in laying the groundwork for the strategic direction of LCF, the first leaders were visionaries who were not only highly committed. but also competent individuals with strong links to the business community.

This made LCF's agenda for growth and expansion not just realistic, but in tune with the needs of business organizations as a whole.

During this period, LCF had no full-time Secretariat and was functioning as a major committee of the Association of Foundations and therefore was serviced by the AF Secretariat.

1996-1999: Building on Achievements and Strengthening the League. Taking full advantage of the expanded social and political arena engendered by the People Power Revolt (also known as EDSA Revolution) in Manila ten years earlier, LCF was prepared to assume a substantially greater role in civil society by the second half of President Fidel Ramos' term. This was primarily because of the increased space that came about for work between civil society and government through oversight mechanisms that involved not only government, but also civil society and the private sector. Since LCF was a "hybrid" of sorts, it became a natural bridge between civil society organizations and the business community. The opening of the democratic space also brought down some of the tension that traditionally existed between civil society organizations and the business sector.

Specifically, LCF played an important role in the Trisectoral Forum, as it was the secretariat for the business sector and identified the major participants of the Forum from the business sector. Active involvement in the Trisectoral Forum boosted the image of LCF as a major player in policy advocacy and collaborative efforts involving poverty reduction and social development.

Gradually, the perception of corporate foundations as non-NGOs in the NGO community was overcome by working together with and extending resources to a broad range of partners in both the public and private sectors. In part due to a conscious effort to change their image, corporate foundations were seen engaging in mainstream programs like education, health and governance. At the same time, member foundations were gaining acceptance in their respective spheres of involvement because of the success they had achieved in their work.

In short, aside from its formal registration in November 1996, this particular period officially "legitimized" LCF and provided a venue for interfacing with other groups. In the process, it took on broader issues and linked up with bigger publics in crafting joint agendas and programs for social development. LCF, for example, figured prominently in overturning an effort to remove the tax deductibility of corporate donations, which eventually would have discouraged corporate philanthropy. LCF stood at the forefront when, together with other networks, it helped established the Philippine Council for NGO Certification (PCNC) as a certifying body for all NGOs in the Philippines to qualify for donee (grantee) institution status.

The League's work on this issue was one of the first ways that LCF became mainstreamed into advocacy work as well as into the networks of civil society organizations. More "traditional" organizations appreciated the fact that the League successfully facilitated discussions with the government. The PCNC experience was also a milestone in itself, as this was the first time government gave up part of its power and allowed the private sector to issue a certification to entities so they could enjoy tax deductibility benefits.

Internally, LCF embarked on two major projects during this period: a Compensation Survey among member foundations for purposes of profiling and the first institutional Strategic Planning session. While these activities marked high points in LCF's existence, the period was also characterized by a distinct set of challenges. For one, the impetus to look at and work on projects that could be jointly implemented by member foundations increased as LCF became more actively involved in other civil society networks. This was because, for the most part, LCF's achievements had largely been a compilation of the achievements of its individual members.

To attract new members, however, LCF needed to show the value of what it did and the benefits corporate foundations could derive from joining LCF, in addition to what CSR programs could give to the business bottom line.

Aside from communicating these concepts in trying to expand membership, the concomitant challenge unique to this particular period was membership development. Building on the original intention to be a self-help mechanism, LCF needed to be able to enhance the capability of corporate foundations, especially those that were just emerging, in planning and executing CSR initiatives. Even as an active recruitment drive in which each member was encouraged to enlist additional members was undertaken, LCF also embarked on a training needs analysis to establish the individual levels and relevant requirements of the members for training programs.

Perhaps most importantly, LCF realized the need to establish a full-time Secretariat to manage its operations effectively and efficiently. While a part-time Executive Director was hired along with an Administrative Assistant, the expansion of LCF's involvement in various networks and in different projects simply put to test the capability of the loosely organized Secretariat.

1999-2002: Exploring New Horizons. If the previous period involved high points in LCF's history, the years beginning in 1999 can be considered as a "coming of age." After the second People Power Revolt at EDSA, a lot of emphasis was placed on the role of NGOs and, as a consequence, LCF enjoyed stronger bargaining power in relation to its role and participation in civil society.

Aside from a rapid expansion in membership, LCF's increased participation in multi-sectoral initiatives and its enhanced role in civil society seriously tasked the existing Secretariat. Thus, a full-blown Secretariat with a full-time Executive Director and a new Administrative Assistant was constituted, just in time for the implementation of major initiatives: a Benchmarking Project and the celebration of the country's first ever Corporate Social Responsibility Week, mandated by a Presidential Proclamation. While the former aimed to come up with standards to measure the impact of members' contributions to social development, the latter highlighted the achievements of the corporate sector through its involvement in nation building. In 2002, the total assets of the 53 member foundations reached PhP 4 billion (roughly US$79.2 million[2]), with a consolidated annual operating budget of PhP 1 billion (roughly US$19.8 million[3]).

In all these milestones, the LCF Board can rightly claim credit for its role in the development of the association. As part of its work, the Board defines the programs and activities of LCF based on the strategic planning process. For example, there was an initial plan to raise an endowment for which preliminary work was begun. In the wake of the Asian financial crisis, however, the plan had to be shelved. As the crisis tapered, new discussions began to take place for fundraising, again led by the Board.

III *Evolving Challenges and Prospects for the Future*

The most fundamental challenge that LCF and its members can expect to address in the coming years is to sustain the commitment of the corporate community to philanthropy. Hence, internal advocacy among the principals of the respective mother corporations will have to be designed to push CSR and to encourage continuing contributions to social development. Part of the challenge is in communicating the noteworthy achievements and successful experiences of LCF and its members during the association's first decade. Dissemination of relevant information, even publicity, will also help by projecting the corporations of member foundations as responsible corporate citizens, thereby convincing companies to invest in social development for reasons other than helping the poor. In the long term, the establishment of a regional membership base as well as an invitation to small- and medium-scale companies performing CSR can further expand the universe of CSR adherents.

While addressing the image problem in terms of LCF's partnership with other NGOs, civil society-at-large and/or the general public may no longer be imperative, aligning its goals with nation-building objectives assumes a greater urgency. In relating to external agencies, the challenge for LCF is to maintain its leading role as the symbol of the business sector's commitment to nation building-. As such, government and other partner agencies can be expected to consult with LCF and solicit its support and assistance in strategic and critical social development undertakings. Thus, consistently articulating its vision and ably representing its various constituencies will help ensure that LCF can maximize not just its economic contributions but also the opportunity for synergy and dynamism.

Internally, LCF is expected to remain primarily accountable to its members and provide value-added services so as to engender a strong membership body.

As a self-help and support mechanism, one of LCF's main priorities is to support member foundations by way of helping them successfully implement social development interventions, either as corporate donors or as program implementers, such that reasonable returns on their social investments can be expected.

Hence, LCF is counted upon to help further enhance the capability of its members through information and research services and the provision of technical assistance and training in the areas of strategic planning, board management and resource mobilization. Indeed, the strength of LCF will be measured in the ability of its committees and individual members to respond to their leading roles as catalysts in specific areas of social development.

Perhaps the greatest challenge of all lies in strengthening LCF itself. Faced with the threat of mergers and acquisitions as well as issues of continuity and succession, the question of LCF's institutional sustainability is as real as organizational "downsizing." Whether LCF should evolve as a venue for joint projects that promote corporate philanthropy or as a resource center for sharing and learning best practices on corporate giving are issues to be examined as a part of providing the strategic direction necessary to lay the groundwork for stability and sustainability. In the interim, bilateral projects between and among members will continue to provide the impetus for viable partnerships within the association. In addition, as much as having dynamic standing and internal committees, keeping the Board active and thoroughly engaged is an important component of institutional strengthening.

[2]*XE.com Universal Currency Converter™ rate as of July 2002.*
[3]*XE.com Universal Currency Converter™ rate as of July 2002.*

Another key component of strengthening LCF is to build up the Secretariat. While the responsibilities of the Secretariat are coordinative in nature, since committee level activities are supposed to be handled by committee members themselves, the Secretariat is expected to provide technical assistance not just to the Board but to the different committees as well. Ultimately, the demands both for coordination and technical assistance in the face of increasing membership will exact a toll on the Secretariat that is already beset by a shortage of manpower. Another approach would be to better organize and strengthen committees to do their own secretariat work.

Finally, institutional strengthening will become a formidable challenge in the face of financial sustainability. Since annual membership dues, which are currently LCF's main source of funds, are spent mainly for administrative operations, there is an urgent need to source more funds or otherwise generate a sizable endowment fund. Aside from collecting dues, there is also a difficulty in soliciting funds from external sources because of the perception that LCF members in fact are attached to big corporations and are themselves donor organizations. Though some grants have been received, they have been earmarked for specific projects like CSR Week. Part of this particular challenge is to improve LCF's financial management system, including the generation and regular disclosure of audited financial reports.

IV *Guidelines and Lessons Learned*

Institutional Development

- An association of corporate grantmakers needs to establish a clear focus or mission at the beginning of its existence in order to distinguish itself from other players in the field of social development—to know what it is and what it is not. In this sense, LCF's special mission to advocate CSR in the business community and its partnerships with non-traditional partners of business organizations (such as government agencies and NGOs) to solicit their support and participation makes it a unique institution.

  LCF's primary focus in ensuring CSR's contribution to social development is distinct from specific advocacy work being done by other concerned sectors in the business community, which may have outreach programs, but only as a secondary priority. Even as LCF shares some similarities with special interest groups both within and outside the business community, its relevance and value are measured in the kind of CSR initiatives that it promotes. The fact that competing business organizations work together in LCF is an interesting and welcome phenomenon.

- A common program that is identified and proposed for adoption by the entire membership will be difficult to implement owing to the nature of the membership. This is because there are inherently different priorities and areas of expertise among the members and the committees on which they serve. The consensus-building process required to come up with a single program can be a challenge. At best, lead corporate foundations with established exposure and experience in specific areas can be identified, with members at large having the option to "buy-in" to the particular project that has been identified for common implementation. This kind of synergy is happening at LCF's committee level, where

members meet more regularly and thus are able to identify and react more quickly to common areas of interest. In this regard, CSR Week has helped establish a venue where common activities can be highlighted while showcasing the work that all the members are doing individually.

➤ *An association of corporate foundations must continue to provide the business community with a venue to bring more corporations into the arena and highlight the individual and collective contributions of these organizations for the common good.*

Therefore, LCF must be able to show not just the social value and impact of its programs, but also the economic viability of corporate philanthropy as a whole. Consequently, to help ensure LCF's relevance in the coming years, it must always prove the organization's value to its constituency, especially since there are many corporations that are ready to bring their involvement in social development to a higher level.

➤ The mother corporations of member foundations are important LCF stakeholders. Individually and as a collective sector, member foundations should abide by sound business practices such as operational efficiency, sound financial management, judicious allocation and utilization of resources. In terms of impact assessment, a degree of sectoral focus helps in the evaluation of projects and measurement of achievement, as against geographic focus because of the varying interests in any given community.

The personal commitment of members of the Board and principal officers will determine to a large extent the success or failure of an association and its activities.

Financial Sustainability

➤ Every association needs to prove its value to its constituencies, be they membership, donors or the general public, in order to generate sufficient resources to sustain its programs. While most, if not all, of LCF's members are financially stable and sustainable, unlike many NGOs, LCF itself is not self-sustaining and has to rely on internal funding sources to finance its operations. The challenge has been for LCF to mobilize resources to support its staff who deliver services to members.

Public Policy and Government Relations

➤ To expand the number and diversity of business organizations involved in social development programs, government should be encouraged to provide the infrastructure to entice concerned members of the business community to come into areas where social development intervention is most needed.

Overall, the real lesson from LCF's experience is that an organization cannot be forced to evolve before it is ready. LCF started because people felt there was a need to share, commiserate and learn. As they started fulfilling that need, they also found that they had resources among themselves that they could not underestimate, and that constituted a really valuable asset. However, they also realized that not all of them had assets and value in equal measure and there was a need for all to be better at what they do. In the beginning, there was no money involved, just people hosting different meetings. As the organization learned that there were things that they could do to improve its service to members, leaders began to think about organizing with a more fixed structure. The continued experiences of working together were important in bringing the group together. As they started working with other sectors, they realized they needed to add advocacy with the private sector to their objectives so that the sector could be more responsive to the needs of the poor.

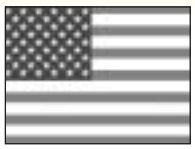
Looking back, it can be argued that LCF would have indeed come into existence even if the founding members had not been involved in the Association of Foundations. While it might have taken longer, the realization of a common interest in working for the greater good of Philippine society, considering the amount of resources available to them, would have been enough to galvanize the group into formally organizing a network like LCF. Eventually, LCF's involvement with other networks helped sharpen its ability to promote CSR, establish standards of practice and enhance the legal and regulatory environment in the arena of civil society as a whole. As work with other sectors took place and reaped some degree of success, it enhanced LCF's image as a major player in the field.

LCF has managed to consistently learn from emerging challenges by adhering to a core set of shared values as an institution.

As crucial elements of its collective character, these values have enabled LCF to adapt to evolving organizational, social and historical pressures and will continue to influence its strategic direction and institutional development in the future. Some of these core values are integrity and transparency, competence and professionalism, teamwork and cooperation, and commitment and dedication.

CASE STUDIES OF GRANTMAKER ASSOCIATIONS AROUND THE WORLD:

Regional Associations of Grantmakers



UNITED STATES

A case study of sub-national associations of grantmakers

I *Organizational Profile*[1]

The philanthropic infrastructure in the United States is both deep and diverse. It includes more than 50,000 grantmaking organizations; six major, nationwide organizations serving philanthropy and the nonprofit sector; 28 formal, regional associations of grantmakers each serving a specific region of the country; and numerous other associations and networks of funders which link grantmakers around common interests. In addition, hundreds of individual consultants and consulting firms offer services to donors and established philanthropies.[1]

Regional associations form a unique part of this philanthropic infrastructure. While the geographic scope and emphasis of their missions differ, regional associations all share at least three common bonds: a focus on a defined geographic area, whether that is a metropolitan region, statewide or multi-state area within the United States; outreach and service to all types of organized grantmakers; and a mission which seeks to promote and enhance philanthropy and its impact in the community.

Regional associations are a response to, and reflection of, the great regional diversity and regional identification in the United States, and the predominately local nature of most U.S. grantmaking. While national-level organizations meet many needs and ably serve philanthropy at a high level, they cannot easily provide the kind of hands-on local networks, or region-specific information, training and leadership, that many U.S. grantmakers want and need to enhance their effectiveness.[1]

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WINGS
http://www.wingsweb.org

[1]*See Lucy Bernholz,* Collective Wisdom: Regional Associations of Grantmakers in the Twenty-first Century *(Washington, D.C.: Forum of Regional Associations of Grantmakers, 2001) and* Organizational Assessment and Development Guide for Regional Associations. *Both are available from the Forum of Regional Associations of Grantmakers (www.givingforum.org).*

The 28 formal regional associations work together across the country through a national association called the Forum of Regional Associations of Grantmakers. Individual associations themselves differ from many grantmaker associations in other countries in that they serve only a sub-region of this country. They do, however, share many similarities with their country-based counterparts around the world, as to mission, size, age and challenges faced. The following is a composite picture, drawing on the overall development and experience of regional associations of grantmakers in the United States.

The earliest regional association was formed in 1949, years before there was a national-level organization. The newest association to form was established in 1991. Currently, all of the 28 regional associations are separately incorporated as charitable, nonprofit, membership organizations and have at least one, part-time, dedicated staff person. Many of them, however, operated on an informal basis for a period of years before reaching this level.

As of 2002, the 28 U.S. regional associations serve a total of almost 5000 members including:

- 753 independent foundations;
- 465 community foundations;
- 875 corporate foundations or giving programs;
- 1,530 family foundations;
- 440 other philanthropic entities such as banks, financial advisors, and the like; and
- 683 charitable, grantseeking nonprofit organizations.

The smallest association serves 44 members, while the largest serves more than 400 members. The exact composition of the membership varies from association to association. In some cases, corporate donors predominate, while in others family or independent foundations are the majority.

Regional associations are governed by volunteer Boards, which range in size from 8 to 28 people. In most cases, Board members are elected by the grantmaking membership, rather than by self-appointment. Directors usually serve for a set term of office and, with a few exceptions, must be representatives of grantmaking organizations. In some associations, however, leadership also includes Board representation from the community "at large" or from nonprofit organizations that may form an affiliate part of the association.

In addition to the volunteer leadership, each of the 28 regional associations has some paid staff. The association with the smallest staff has two part-time staff persons, while the largest has 20 staff. To enhance staff capacity, most regional associations also enlist volunteers from the membership or community, who help to identify needs, design programs, review products and otherwise share in the work of the association.

Individual association budgets vary widely depending on their areas of emphasis and currently range from US$27,000 to US$12 million annually. Income is supplied by dues from members, special grants, in-kind services, fees for service and other earned revenue, such as the sale of publications. Dues as a percentage of the core budget range from 20 percent to 100 percent. While each regional association has a different dues schedule, dues are generally assessed on a sliding scale with the largest grantmakers paying the highest dues. Annual dues assessments among the regional associations range from US$150 to US$70,000, with most falling somewhere between US$250 and US$10,000.

The complement of services each regional association provides depends on the needs of its particular community and its stage of development. While no one association provides all of these programs and services, typical roles played by regional associations include the following:

- Safe meeting ground for grantmaking members to exchange information, seek advice and develop networks/partnerships;
- Professional development and growth opportunities for grantmakers, including education on specific issues and community needs, skills development training and publications, sessions to stimulate new ideas and opportunities for renewal and introspection;
- Targeted professional development, growth opportunities and products to serve the unique needs of various constituents such as family foundations, community foundations, corporate donors, foundation trustees, senior staff and the like;
- Promotion of the growth of all forms of philanthropy and the involvement of new donors in philanthropy;
- Leadership regarding ethical considerations and best practices through special initiatives, research, publications, education and communication;
- Forum for collaboration and joint problem solving, including both pooling of funds as well as joint research and action;
- Research and information dissemination about the size, scope and activities of philanthropy and its impact in the community;
- Information, training and technical assistance for grantseeking organizations, including seminars, directories, libraries, resource centers and online services;
- Advocacy for philanthropy with policy makers, media and the general public, including active lobbying for or against proposed legislation at the local, state and national levels which would have an impact on philanthropy;
- Neutral forum for convening grantmakers and other sectors of the community for problem solving, discussion of issues and coordination; and
- Connecting the network of local members to the national and international levels.

Whatever their complement of services, regional associations of grantmakers are on the front lines connecting donors, philanthropy and community needs; encouraging best practices and effectiveness; stimulating knowledge and the understanding of and participation in philanthropy; and building philanthropic leadership.

II *Stages of Development of Regional Associations of Grantmakers*

Each of the 28 U.S. regional associations has had a unique history of development, depending on how it defines its region (e.g., a metropolitan, statewide or multi-state area), the needs of that particular region, and the character, size and composition of its philanthropic community. Most were formed by a small core of existing grantmakers who:

- Recognized the limits of operating in isolation and wanted to develop a means to exchange information, learn from colleagues and form networks of common interest and concern to enhance effectiveness; or
- Identified the need to come together to address a particular challenge, such as an emerging community need, significant public policy change or a major community crisis such as a natural or economic disaster.

Many were established as a blend of the two and most have evolved over time as the interplay changed between members' direct needs and interests, and the demands, expectations and opportunities present in the external environment.

Given their diversity, no one example would reflect the development of regional associations of grantmakers in all regions. However, as part of a special capacity-building effort in the early 1990s, known as *The Regional Initiative*, the associations identified several stages of development in the life cycle of most regional associations of grantmakers. This is briefly summarized below:

- **Idea Stage**—Initial leadership tests the waters and builds interest; modest level of programming; usually volunteer-led and driven.
- **Start-up**—The beginnings of a more formal organization; expanded programming; development of more formal mission and vision; greater staff capacity whether paid or volunteer.
- **Growth**—Expanding membership; more complex programs and services; day-to-day operations move from board to staff.
- **Establishment**—Credible, recognized, well regarded by community; complex programming, communications, and leadership efforts; well functioning systems.
- **Renewal or Decline**—Can occur at any stage.

While this life cycle analysis is a generic representation of association development, differentiation between stages is not solid and an individual association's programming, finances, staff capacity, volunteer leadership and systems can be, and frequently are, at different stages of development at the same time.

Each stage of development has its own unique set of difficulties, tensions and constraints; however, among the critical and usually interrelated challenges regional associations face over time are the following:

- *Developing and sustaining leadership and buy-in to a common vision;*
- *Defining and refining the criteria for membership (or inclusion in association activities) and generating a critical mass of members for sustainability;*
- *Demonstrating the benefits or impact of the association and capitalizing on its unique value;*
- *Achieving the appropriate balance between community focus and member focus, leadership and direct service to members;*
- *Balancing traditionally limited financial and human resources with ever-expanding needs and demands;*
- *Juggling the needs of particular constituencies (e.g., family foundations, community foundations, members in outlying areas) with those of the organization and community as a whole;*
- *Identifying and responding to changing needs both within the membership and in the larger community; and*
- *Finding appropriate strategies for renewal and development.*

Regional associations have coped with these challenges in a variety of ways. In the early stages of development, the volunteer leaders played the critical roles. As staff are added, staff leadership and capacity become critical elements. At all stages, the buy-in and commitment of members to devote time as well as resources to the association are critical.

To put a little life to these theories, a few examples of association development are provided in the following paragraphs. These associations represent both evolution over time as well as specific strategies or opportunities which caused or aided the development of the association.[2]

III *Case Examples of Broad-Based, Regionally-Focused Associations*

Steady Evolution: A Study of the Council of New Jersey Grantmakers, Trenton, NJ (www.cnjg.org)

1975: A group of New Jersey grantmakers began meeting on an informal basis to discuss issues of importance to their state's philanthropic community.

1975-1989: Founding members recognized a value in regularly convening grantmakers to address a variety of common concerns. During this time, volunteer-driven programs focused on building skills, networking and sharing best practices.

1990-1996: In May of 1990, the Council of New Jersey Grantmakers became a project of the Community Foundation of New Jersey. With this project status, the Community Foundation of New Jersey provided part-time executive and administrative functions for Council activities. Programs were expanded to include joint sessions with neighboring associations of grantmakers such as the New York Association. A Steering Committee was formed to include representatives from foundations and giving programs; its advisory function included exploring a wider spectrum of programming topics.

1996-1997: In the spring and summer of 1996, the steering committee interviewed and/or surveyed existing members (more than 70) to measure their regard for and satisfaction with the Council as an organization. In response to the findings and overall broad support, the Steering Committee proposed the Council move into the next stage of its development—becoming a bona fide, independent, nonprofit. The 501(c)(3) filing (U.S. tax-exempt status for a non-governmental organization) process began in the fall of 1996; the Steering Committee converted into a Board of Trustees; a part-time Executive Director was hired; and offices were moved to a temporary location at The Hyde and Watson Foundation. A revision of the existing dues structure was conceived and implemented in anticipation of the growing organizational needs of the Council.

Coinciding with these developments, the Program Committee set an ambitious agenda of monthly meeting offerings for general membership, since program work is at the heart of Council activities. The Council also officially became a member of the Forum of Regional Associations of Grantmakers. The Board of Trustees reviewed the mission and rededicated its energies to Council efforts.

The Council was granted nonprofit status in the spring of 1997 and held its third annual meeting in June 1997. More than 80 attendees were present. In September, an office for the Council was obtained in East Orange, NJ, at Seton Hall University. The Council was considered an organization-in-residence in Seton Hall's new, academic building and co-located with the Graduate School for Public Service offices.

[2]*These examples were drawn from the* Organizational Assessment and Development Guide for Regional Associations *and* Collective Wisdom; Regional Associations of Grantmakers in the Twenty-first Century*, a special report based on the discussions at the Forum of Regional Associations of Grantmakers 2001 annual meeting, prepared by Lucy Bernholz.*

1998-2002: In July 1998, the Board of Trustees committed resources to staff the Council office with a full-time Executive Director and Administrative Assistant. In May 1999, the Council's offices were relocated to Trenton, NJ. The relocation was designed to give the Council more visibility and name recognition and expand the opportunity to recruit new members from central and southern New Jersey. Furthermore, the Council's new location, just one block from the New Jersey Capital Statehouse, provided access to political issues impacting philanthropies and nonprofit organizations in the state. Toward that end, it is noteworthy that the New Jersey Secretary of State keynoted the June 1999 annual meeting of the Council.

As of August 2002, the Council of New Jersey Grantmakers had 101 members. The Council looks forward to continued growth in membership, programming and advocacy.

Building on Strength, Energizing Commitment, and Capitalizing on Unique Value: A Study of the Donors Forum of Chicago, Chicago, IL (www.donorsforum.org)

In 1991, after 18 years of operation, the Donors Forum of Chicago faced a seemingly comfortable future. No major crisis loomed, save the chronic issue of matching financial resources with growing demands and expectations. Rather than merely gliding along, the directors and staff decided to embark on a strategic planning process to assure that the organization remained relevant, effective and responsive to members.

The process the Donors Forum adopted built in a high level of member input, reaction and participation through focus groups, telephone interviews and a survey. Although member satisfaction and respect for the organization were high, the research also indicated members felt the organization could better represent them and serve their needs.

The result was a strategic plan called *Leadership for the 90s* that renewed staff and Board commitment to an 18-year-old organization and generated excitement both within and without. It put the Board and staff in closer touch with member interests and needs and systematically incorporated ways to maintain that communication. It also resulted in explicitly including service and information resources to nonprofit organizations in the Donors Forum's mission.

Continuing to build on its unique strengths, in 2000 the Donors Forum started a planning process to guide it toward becoming an "information organization" for its members and the larger community. As an association in a metropolitan area, the Donors Forum has long tried to serve both the grantmakers and grantseekers of greater Chicago. Nonprofit leaders are represented on the association's Board and the Donors Forum has a strong history as a clearinghouse of information for both donors and nonprofits. The Donors Forum recognized the strategic value of capitalizing on its knowledge-based assets and its established position as an information clearinghouse.

Presently, senior staff and consultants from IBM are leading this work and have begun a full-scale knowledge audit of the Donors Forum. Once the association's information assets are identified and catalogued, plans call for building new services for members that are based in the value of that knowledge, continuing to build the Donors Forum's library resources into a more comprehensive information resource and working with foundation members and Board leadership to determine how this intellectual capital can be shared to strengthen philanthropy in the region.

This last element will be particularly challenging as the Donors Forum must develop a model that recognizes and distinguishes between the association's own knowledge-based assets and those of its members. This undertaking also brings to light the many levels of work involved, as new staff responsibilities, Board support, technological infrastructure, communications and outreach, member services and library resources are all key elements in the planning.

Responding to Changing Needs and Conditions: A Study of the Ohio Grantmakers Forum, Columbus, OH (www.ohiograntmakers.org)

Although all regional associations take geography into consideration in their work, there are many answers to the question, "which regional boundaries make sense?" For the state of Ohio, two regional associations—one city-based in the primary metropolitan area of Cleveland and the other organized statewide in the public policy center of Columbus, the state capital—had been the answer for many years. In the last few years, new opportunities presented by communications and information technology, questions of cost-efficiency and Board overlap, a focus on service, growing interests in public policy and a growing, collaborative spirit all combined to shape a new answer to this question: one association, with offices strategically located to serve the entire state from two hub cities. An arduous, multi-year, dual-association strategic planning process accomplished this goal and the Ohio Grantmakers Forum (OGF) was born.

The planning process served to highlight the association's true value to the field as a provider of accessible programs and services to members and in its service as a single unified voice on Ohio philanthropy to state policymakers and the media.

As part of this work, the OGF has developed an impressive research and publications series, provides a robust set of educational programs for member organizations and is still able to reach and reflect the regional identities in Ohio.

Adapting to New Donors and a Changing Philanthropic Environment: A Study of Philanthropy Northwest, Seattle, WA (www.philanthropynw.org)

In becoming home to the world's largest foundation (The Bill and Melinda Gates Foundation) almost overnight, the Seattle area and the greater Northwest have attracted a fair share of attention for their philanthropy. But the region is home to more than just new, large foundations. It is a creative birthplace for new strategies for individual donors, including giving circles and strategic social ventures. To meet the needs of these new philanthropists, Philanthropy Northwest decided to partner with The (Boston-based) Philanthropic Initiative (TPI) and provide consulting support to new and potential donors.

In taking on this partnership, officially launched as The Giving Practice, Philanthropy Northwest sought to develop a new suite of services for both existing and potential members. This decision required careful consideration of the association's existing membership services, its staffing structure and market research of the local consulting industry. Philanthropy Northwest and TPI then began the business planning necessary to launch this joint nonprofit venture. The work is just beginning and is designed to semi-segregate these new services from existing member services so that Philanthropy Northwest can maintain its existing core business while launching the new endeavor.

IV *Guidelines and Lessons Learned*

No one development, governance or budgetary model fits every regional association of grantmakers. An association's path to development is not always a straight line; it can grow and plateau and grow again, or be catapulted to different levels by changing circumstances, new strategic leadership and vision or the timely addition of resources. Regardless of their individual paths of development, regional associations are constantly evolving. No association was born fully formed, nor is a successful association's evolution ever complete. Some of the lessons learned by the regional associations described in this case study are highlighted below:

Institutional Development

- The addition or expansion of staff at critical junctures can make all the difference in expanding a regional association and enhancing its service and value to members and the community. While volunteer leadership and volunteer involvement of the membership is critical to a regional association's success, there are always limits to how much time and energy these volunteers can devote to the association.
- As a regional association evolves over time, founding leaders and other senior grantmakers may become disengaged from the association. They have served their time and move on to other challenges. Finding ways such as strategic planning or targeted input from this group to keep these leaders involved can be critical to the association's overall development, the enthusiasm with which it is accepted by members and the community and its ability to generate needed resources.
- Capitalizing on a regional association's unique value is a critical element to success. For many regional associations of grantmakers, that unique value includes knowledge, informational resources about its region and its ability to develop and deploy local networks in order to maximize opportunities.

Public Policy and Government Relations

- Balancing the needs of members with those of the larger community and the philanthropic sector as a whole is a constant challenge. While some members view the association's potential leadership role as a direct service, others view it as a distraction or detraction from the association's primary responsibility to members. When members see and feel direct value in the association, it is easier for the association to provide leadership and address broader community needs.
- Regional associations need to adapt creative strategies such as segregating services as special endeavors paid for by those involved: building a culture where members accept that not everything the association does must meet the needs of everyone; and building leadership at the staff and Board levels that constantly assesses the changing environment to survive this challenge. This is important because regional associations serve the entire spectrum of grantmaking organizations. It is a challenge to balance the unique needs of certain members with those of the organization, the sector as a whole and the larger community.
- Regional associations of grantmakers are better able to provide hands-on support, including linkages with local networks, information on the specific region or locality, training and leadership.