effect

FOUNDATIONS IN EUROPE TOGETHER

FEATURE

Foundations using their resources for sustainable change

> Chris West of **Shell Foundation** on investing in enterprise-based solutions

> **Instituto Marquês de Valle Flôr's** Ahmed Zaky on sustainable solutions to MDG challenges

> Colin McCrea of **The Atlantic Philanthropies** on exiting sustainably in a time of crisis

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effect
FOUNDATIONS IN EUROPE TOGETHER

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Contents

VIEWPOINT

FEATURE – FOUNDATIONS USING THEIR RESOURCES FOR SUSTAINABLE CHANGE

FOUNDATIONS' TOOLBOX

LEGAL AND FISCAL ISSUES

MAKING IT WORK TOGETHER

On the cover...
Participants in the project "Money hanging from the trees", one of the winners of Körber Stiftung's anniversary competition "Instigate!". The project aims to create employment for people with disabilities by harvesting apples from the private gardens in Hamburg that would otherwise go unused, and then making and selling purely organic juice.

About Effect

Effect magazine provides up-to-date coverage and analysis of the role and impact of foundations in Europe and around the world. It features trends in the sector; looks at the political, legal and fiscal environments in which foundations work; and offers examples of how foundations carry out their work, individually and collaboratively. The EFC publishes Effect two times per year, in the spring and autumn. If you're interested in writing an article for Effect, or would like to subscribe, email: effect@efc.be For more information on the magazine and to download past issues, visit:
www.efc.be/effect

About the EFC

The European Foundation Centre is an international association of foundations and corporate funders dedicated to creating an enabling legal and fiscal environment for foundations, documenting the foundation landscape, strengthening the infrastructure of the sector, and promoting collaboration, both among foundations and between foundations and other actors, to advance the public good in Europe and beyond.

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Viewpoint

Foundations strive for sustainable change - Legitimately

Gerry Salole

For a recent issue of Alliance magazine I responded to a critique which characterised European foundations as oblivious to criticism, secretive, isolated, evasive, weak on policy, fundamentally short-sighted, and aspiring to be mere substitutes for a retreating state. Considering in addition recent assaults on German and Italian foundations, the unfortunate reality is that the voices supporting such polemical attacks are growing increasingly strident.

Moreover, these pundits who are questioning the legitimacy of our sector seem unable to get past the fundamentally US lens through which we are being examined. Such "experts" suggest that Europe adopt US models such as the 5% minimum payout rate, seemingly ignoring the vastly different and unimaginably diverse sector that is present in Europe. As discussed by David Emerson in this issue of Effect *(p. 27)*, the importation of a comparable system could essentially threaten European foundations' long-term viability.

Such a suggestion also ignores that in recent years the status quo, and the very nature of foundations' work in Europe, has changed dramatically. Foundations have matured and are now working towards sustainable change by trying to get at the root causes of the issues at hand. In the feature section of this issue of Effect *(p. 9)*, you can get a feel for the many ways in which foundations are doing this – from tackling issues around the MDGs to investing in small and medium enterprises for economic development to addressing pressing environmental concerns – all with an eye towards long-term, lasting change. Mindful of the distinct nature of our work, many are contending that the best way to continue on this successful trajectory is if European foundations manage their assets with long-term – even perpetual – time horizons.

As foundations have been growing more comfortable in this role of long-term change agents, some of the same experts have also suggested that European foundations believe that they will ultimately be expected to take on government's role. The shrinking economy and retreating state have further fuelled this myth that I think needs to be debunked once and for all. The resources at the disposal of foundations are much less than that of the state, and foundations have never felt it ideal or possible that they fill the void left by governments. What can we do to counter such misinterpretations and false impressions? How can we proactively avoid US models being applied to our work, which were after all, initially enacted to curb foundation abuse? The key is to improve the reputation of our sector by embracing transparency, illustrating effectiveness, and most important, being in it together. Our reputations are inextricably linked – an attack on one means an attack on all. There is certainly a clear role for infrastructure organisations such as the EFC to defend foundations and prove our worth.

How we use our resources responsibly and effectively will be fundamentally central to future critiques, which is why I am so pleased the theme of the 2011 EFC AGA and Conference is "Resources and Sustainability – The Oceans". If we are to be ready to defend ourselves to the outside world, we must first be prepared to discuss such issues frankly among ourselves. I therefore invite you to join us in Cascais, Portugal from 26 - 28 May, as together our voices will surely be loud enough to counter uninformed notions of what European foundations are all about.

Enjoy your reading,

Gerry Salole
EFC Chief Executive

Foundations' toolbox

Moving on — GrantCraft finds a new home

After ten years at the Ford Foundation where it was created, GrantCraft will be starting its second major phase of life when the Foundation Center and the EFC take over the programme. Effect talked with the Ford Foundation's Jan Jaffe, Senior Director New York, about the move of the programme she launched a decade ago.

Effect: Why did the Ford Foundation decide to locate GrantCraft's next home through a Request for Proposals (RFP) process?

Jan Jaffe: I'm so glad you asked me this. What I like about RFPs is that they can serve as a communication tool as well as a way to find grantees.

They can be shared widely and read and discussed. No one is compelled to respond to the request. In our case, we wanted to share what we learned about GrantCraft with as many potential partners as possible. I could have walked around and talked to people privately but that would have reduced the opportunity for diversity in responses to our question, "What would you do with GrantCraft?" And it is hard to say "no" to a funder when told, "We'd like you to take x or y on for us." We received good proposals, including some from unexpected sources. I suspect that RFPs are underutilised as a tool in our field. There is a great guide on using RFPs on the GrantCraft site. I hope there will be a 2.0 version in the new era of GrantCraft.

What was unique and/or appealing about the Foundation Center and EFC joint RFP response?

We encouraged participants to reach out to each other and consider collaboration to strengthen their proposals. The Foundation Center and EFC proposal was clearly the result of a lot of conversation between their leadership and staff. Plus, both organisations signalled that GrantCraft was part of a larger strategy to build out a learning platform for grantmakers worldwide.

GrantCraft has worked so well because it is for grantmakers and by grantmakers. While we hoped to see new ideas and formats, we didn't want to lose that element of the "brand". In addition, all of our reviewers (we had four other foundations plus four independent, anonymous reviewers) liked that both organisations had the capacity to go global with GrantCraft, which has already been translated into Arabic and German, with some pieces in Russian, French and Spanish.

GrantCraft focuses on the "craft" of giving, can you elaborate on this? Do you think there are differences in this "craft" between US and European foundations?

Grantmakers have two big jobs. We have to be current with our "home" or primary discipline, whether that is a community or region, or a field or programme. And our other job is to learn the craft of how we work on what we do.

...both organisations signalled that GrantCraft was part of a larger strategy to build out a learning platform for grantmakers worldwide.

All professions have a craft. Philanthropy has resisted the idea of having a craft for a variety of good and bad reasons. But that resistance does not make the craft of our profession disappear – it just makes it under-tended. As any good health professional will tell you, there is learning about the disease (the "home" discipline) and then there is the craft of diagnosing a patient; figuring out when to listen and

when to talk; collaborating with other health professionals; understanding how to take up a myriad of roles; and learning to adapt old tools to new needs, etc.

We share a craft whether we are working out of a foundation in Europe, China or the US. Of course, context will make execution of the craft different in certain ways in each place, but I do think the language can be the same and much can be adapted to fit different contexts. At GrantCraft, we interviewed hundreds of grantmakers from around the world about what tools and skills they needed to do their best work and from that created the Map of the Craft – one of the most popular items on the GrantCraft site.

It's exciting to think about a pair of directors helping the one field we all share – philanthropy – tend to its craft.

How does it feel to hand this project over, a project you created and led for ten years at the Ford Foundation?
I won't lie – it is bittersweet to hand over work that one loves to do. But it felt right to let go before I really wanted to.

Years ago, I taught a course at the Wharton School that involved local entrepreneurs. I marvelled at founders who "walked their talk" and did whatever it took to help their successes thrive – which often meant letting go of ownership of the idea and the enterprise. GrantCraft is a fabulous piece of work because so many people – on the team and in the field – made it so. They all deserve to see it grow, change and thrive. I am looking forward to the selection of two new directors for GrantCraft. Imagine two people with different and complementary skills working together to uncover tacit knowledge about good grantmaking. It's exciting to think about a pair of directors helping the one field we all share – philanthropy – tend to its craft.

www.grantcraft.org

GrantCraft, created by the Ford Foundation and now managed by the EFC and New York-based Foundation Center, collects practical wisdom from grantmakers and foundation practitioners and turns this into guides, workshops, videos and other tools. GrantCraft allows foundation professionals to organise their work, make it more strategic, and benchmark effectiveness. GrantCraft materials are great for starting a discussion, orienting new staff, and introducing new ideas to colleagues, trustees and grantees.

grantcraft
PRACTICAL WISDOM FOR GRANTMAKERS
www.grantcraft.org

EFC Principles of Good Practice – The backbone of EFC Capacity Building

At the core of the Centre's capacity building initiatives and activities are the EFC's Principles of Good Practice. These principles, which represent a shared vision of good practices for foundations and provide recommendations reinforcing good practice, openness and transparency, focus on:

- **Compliance**
- **Governance**
- **Informed policies, operations and support programmes**
- **Stewardship – management and finance**
- **Disclosure and communication**
- **Monitoring and evaluation**
- **Cooperation**

How is your foundation implementing the EFC Principles of Good Practice? Let us know! Go to: www.efc.be/AboutEFC/Pages/Ourstandards.aspx

2011 Capacity Building events integrating the Principles:

- AGA and Conference: Pre-conference event on impact analysis, and conference sessions on responsible investment, transparency, and increased grantee engagement
- The European Learning Lab 2011: Focus on stakeholder engagement, communication, and management
- Coming soon! Events focused on collaboration, communications, legitimacy, and organisational processes

www.efc.be/capacitybuilding

The European Learning Lab — Creating our own knowledge

By Pier Mario Vello, Secretary General, Fondazione Cariplo

Pier Mario Vello

Learning from within, creating our own knowledge — these are the guiding lights of the European Learning Lab, a new training series for foundation professionals launched by the EFC and Fondazione Cariplo in June 2010. The Lab brings foundation practitioners together three times over the course of several months, with the pilot year having focused on the Project Management Cycle.

The idea for the Learning Lab came from a desire to understand how we can learn from our own experience. Philanthropic projects have characteristics and properties that are unique, requiring innovative learning approaches. The Lab takes the approach that we are the experts, we have the experience, and we can use this experience to grow as professionals. With the Learning Lab, we do it in a "laboratory" environment, where knowledge can be shared, cultivated and allowed to grow.

Many learning initiatives bring practitioners together to talk about their work and share stories. While the majority of these are well-intentioned, participants in these events often feel that discussions are too general and do not fit their particular needs. In other cases, the learning events are overly theoretical, putting professionals in the position of being "in school" again, listening to ideas that are too vague and conceptual (and in the end inapplicable), and robbing them of opportunities to learn from their own experiences. The Learning Lab takes a different tack.

The approach

The first two sessions in this pilot year, "How to design a good project" and "Case study analysis", were planned ahead of time with specific goals and objectives to develop a "path of learning". The final session was left open to be decided upon by participants to make sure their needs were accommodated. We essentially developed a road map with a final destination, but allowed participants to make pit stops as needed. Also, because this was a laboratory – a place where people create their own knowledge – it was necessary to learn from experience. Participants were encouraged to take away new approaches and methodologies and apply them to their work.

The pilot year

My overall impression of this pilot year series is very positive. I saw first-hand the learning evolution of participants. At the beginning of the experience, we were all a bit shocked. Project management is quite a complicated process, with its own specific terminology and concepts. We had to work toward developing a shared understanding of the terms, see how this approach could benefit us in our specific projects, and trust ourselves as "experts" in our particular fields.

We also had to recognise the power we hold to shape our own knowledge. This was a rather novel approach to learning for many and required some time to digest. However, once a common ground for understanding was laid, we were able to compare our different projects. This was a challenge considering the different types of foundations and projects represented, but this only clarified the need to use a structured approach to project management – one that allows for more organised and process-oriented methodologies.

Positive lessons for foundations

First of all, foundations should not be afraid to try new approaches to learning. They should think outside of their normal way of thinking and experiment with ways to enhance staff performance. Second, staff members should attend events not only to learn something, but also to

Participants of the 2010 European Learning Lab.

look at their own experience and determine how to improve their performance. In this sense, there is a clear link between commitment and the creation of knowledge. Third, this type of initiative allows for a high degree of socialisation. Many friendships can be developed, which in turn can lead to future collaborations.

Finally, learning is a collaborative process, and activities should be planned that allow colleagues to learn from one another, especially from foundations outside of their normal sphere of activity. This is why our collaboration with the EFC has been so important.

www.efc.be/EuropeanLearningLab
www.fondazionecariplo.it

Learning Lab 2011

"Managing Relationships for Project Success", with a focus on stakeholder management

WHEN?
Session 1: 20-21 June
Session 2: 10-11 October
Session 3: 28-29 November

WHERE?
Milan, Italy

REGISTER NOW!
Contact capacity@efc.be or go to:
capacity-building@efc.be

What some 2010 participants had to say about the Lab:

"In the Learning Lab, I had the chance to listen to and exchange experiences with other professionals that work within the same context as me. This shared context allowed us to go deeper into aspects that are normally left out of these kinds of trainings." – Ana Bustamante de Prado, Fundación 'la Caixa'

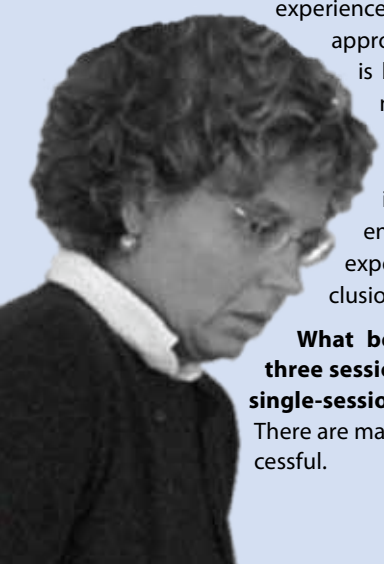
"We have really enjoyed and benefited from the 'peer-to-peer' learning experiences, the possibility to network with others and learn more about the scope of work in other foundations... This has been a very positive experience for both of us. We will strongly encourage other staff to participate in EFC Capacity Building workshops and initiatives in the future." – Andrea Frey and Paul Nichols, Oak Foundation

Meet the trainer!

Effect asked the 2010 European Learning Lab trainer Giusi Meloni, Partner of the Project Management Lab, an Italian consulting and training company, about the approach this training series takes.

Effect: What type of approach does the Learning Lab use and why?

Giusi Meloni: The Learning Lab is a highly interactive learning experience, favouring an inductive/experiential approach to learning. Experiential learning is based on the premise that individuals need to "experience" information in order to learn it. It provides individuals opportunities to learn through reflecting upon their own particular experiences, drawing conclusions from these experiences, and then applying these conclusions to situations they face in the future.



What benefits does offering the event in three sessions over several months have over a single-session presentation?
There are many approaches to learning that are successful.

For the Learning Lab, we believe that organising a number of sessions around a central theme, spread out over a period of time, allows participants to absorb new information; apply and test new tools and techniques in their work situations; and then share results with colleagues in subsequent sessions. It is structured as a process, similar to the way in which we learn. We organised the Lab into the following three modular units:

- **Session 1** – Lessons on a specific theme to identify a shared approach, terminology and fundamental concepts
- **Session 2** – Practice in small groups to apply tools and techniques to real-life situations
- **Session 3** – Presentation and in-depth analysis, with clarification and discussion

In all sessions, participants were asked to actively participate and share their individual experience and knowledge.

What do you think were some of the most important lessons or tools participants took away from the training?
Participants were able to take away some "ready to use" tools to apply to their projects as well as to develop a comprehensive outlook on how to manage their projects. There was also a significant amount of sharing of knowledge and experience. The ability for participants to meet colleagues from different foundations around Europe was an additional benefit as it exposed them to different approaches, challenges, and models.

Advocating for culture as a driver of Europe's future

Effect talked with Katherine Watson, Director, European Cultural Foundation (ECF), about her organisation's use of advocacy as a tool to further its mission in the area of culture.

Effect: Tell us a bit about the "we are more" campaign and why you are engaged in it?

Katherine Watson: The ultimate goal of the "we are more" campaign (2011-2013) is to strengthen the recognition of the role of arts and culture in the development of our European societies by experimenting with new ways of advocating for enhancing the quality and level of support that arts and culture receives from two key EU policy areas – the Culture Programme and EU structural and territorial policies.

The ECF is a strategic partner of Culture Action Europe, Europe's leading advocacy organisation for the arts and culture. We are the lead financial supporter of this campaign because we believe that through wide-reaching and engaging action we can achieve our goal to secure a central place for culture as a key driver for the future of Europe. We look forward to other partners from the foundation sector joining the campaign.

Why is the campaign called "we are more"?

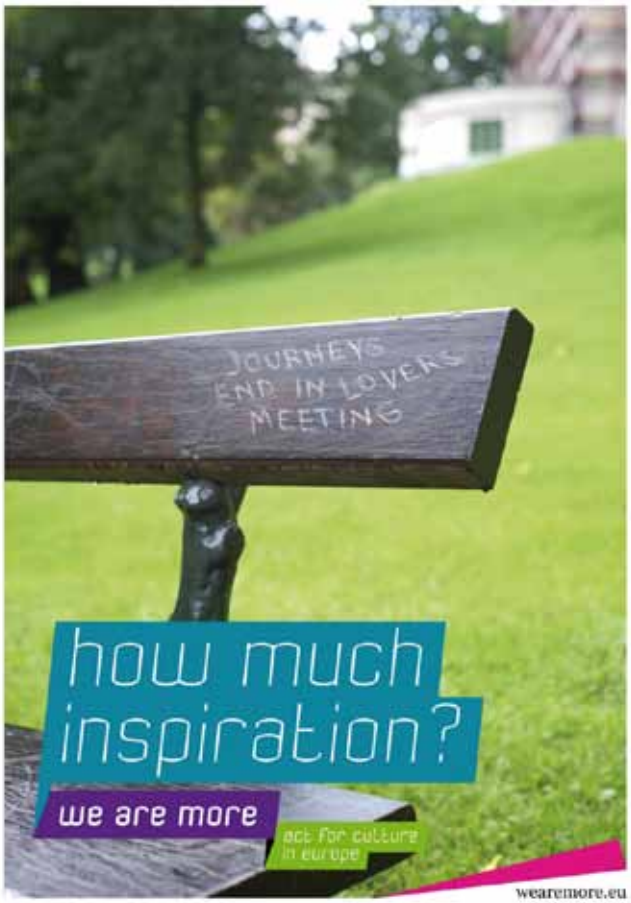
From the outset we are saying that culture is "more than meets the eye" – it is deeply embedded in our societies. Culture binds and bonds. The campaign raises the awareness of the impact that the dramatic budgetary cuts on culture, in the context of the global economic crisis, will have on European societies. We aim to strengthen the arguments in favour of investing in culture, because it can change mindsets, drive creativity and foster progress.

photo © Chris de Bode

But most important, it is an argument that goes beyond money. We believe that culture is one of Europe's lead vital forces, an important instrument for imagining and creating our shared future together. "We are more" means that only by joining forces, by mobilising as many individuals and organisations as possible, also from other sectors, we can achieve our goals and, in that way, we are indeed more.

Why do you use advocacy as a tool to reach your goals? What are the pros and cons of this approach?

The ECF has been a leader of cultural policy development in Europe by pushing artistic and cultural issues onto the European political agenda, and by facilitating participative cultural policy processes on European, national and local levels. One of our recent achievements is that we helped put culture centre stage on the European agenda, and helped to make civil soci-



ety part of European cultural policy processes, as evidenced by the adoption and continuing implementation of the European Agenda for Culture (2007).

From the outset we are saying that culture is "more than meets the eye" – it is deeply embedded in our societies. Culture binds and bonds.

Advocacy is integrated into all of ECF's actions and programmes – we do not see it as a standalone activity or action. "We are more" is only one of our advocacy activities. We also promote cultural advocacy in and with the EU neighbourhood by supporting cultural policy research, capacity-building, participative policy making, dialogue and more. The EU represents only 27 countries – our interest is in a much broader and inclusive understanding of Europe that brings together and amplifies narratives for Europe, now and in the future.

Our advocacy practice is guided by ECF's overall guiding principles – "Linking policy and practice, Empowering 'unheard' voices and Connecting sources of knowledge".

Challenges do arise when trying to advocate simultaneously on many fronts. Partnerships can certainly facilitate achieving shared objectives.

When searching for partners in a campaign such as this, what are your criteria?

The strategic partnership between Culture Action Europe and ECF in this campaign represents a special form of cooperation between a professional membership organisation and an independent pan-European foundation. It is built upon a long-standing collaboration and concerted actions for reinforcing the position of culture on the EU political agenda. We initiated together the "70 Cents for Culture" campaign in 2004. We continue our collaboration in different projects, the most recent of which is the TANDEM project for enhancing cultural cooperation between organisations from Western Europe and Ukraine and Moldova. In reaching out to other partners it is vital to consider long-term interests rather than short-term goals.

The Commission held a public consultation in autumn 2010 on the EU Cultural Programme post-2013. How are you factoring this consultation into your strategy?

The ECF is actively participating in the EU public consultation processes in relation to culture. This is another opportunity for us to voice our opinion and join the rest of the cultural sector to influence the decision making on the only EU programme for culture. We also contribute to public consultations in relation to the European Neighbourhood Partnership Instrument (ENPI) for reinforcing our agenda for cultural policy development in the Eastern Partnership countries and the Mediterranean.

Challenges do arise when trying to advocate simultaneously on many fronts. Partnerships can certainly facilitate achieving shared objectives.

What does your dream European Cultural Programme look like?

We would hope for a stronger, more innovative, more accessible and more inclusive EU Culture Programme that would become a key pillar of the implementation of the European Agenda for Culture, and would address the EU 2020 goals in a truly future-oriented way.

An ideal Programme would address the EU neighbourhood and third countries more directly, providing not only funding, but also expertise, capacity-building and mobility opportunities. It must be more accessible for the younger generation of independent culture operators, responding to the changing environment and new ways of working. New business models are desperately needed because "business as usual" is not an option.

Check out the campaign's recently launched manifesto on the "we are more" website:
www.wearemore.eu
www.eurocult.org

FEATURE

Foundations using their resources for sustainable change

In the run-up to the 2011 EFC annual conference, which will focus on resources and sustainability, Effect explores how foundations are changing their strategies – and creating new ones – to help make sustainable change.

In this feature you'll find out how foundations are tackling issues ranging from economic development to mercury contamination to education with an eye toward making sustainable differences in these areas.

You'll read about foundations' exit strategies that ensure grantee sustainability after they are gone, and you'll learn more about the potential for foundations to make a difference through "impact investing".

Looking to enterprise as key to sustainability

By Chris West, Director, Shell Foundation

Chris West*

When Shell Foundation was established in 2000, we had ambitious objectives to catalyse scalable and sustainable solutions to global development challenges. We set about doing this in ways that were new at the time by pioneering an "enterprise-based" approach. We've learned a lot and want to share both our success stories and the lessons learned from failure.

Scale means different things to different people. For us, it's about delivering cost-efficient solutions that impact large numbers of beneficiaries in multiple locations in ways that are ultimately financially viable. Broadly, success means achieving:

- Large-scale development outcomes
- Multi-country and/or regional operations
- Earned income derived from the market
- Leverage that matches or exceeds Shell Foundation's grant contribution
- Management team competence to execute the venture

In our inception phase, where we largely provided short-term project-based support to multiple not-for-profit organisations, 80% of the initiatives we supported failed to achieve scale or sustainability. This reflected either poor execution or lack of market demand for the products and services. Having changed our strategy to focus on developing new business models with a few carefully selected partners, we now find that 80% of our grants meet our success criteria.

Today, two of our strategic partners, EMBARQ and GroFin, have achieved verifiable global scale and sustainability while two others, Envirofit and The Better Flower Company, are well advanced in this respect. We are proud of their progress but believe we can do still more to enhance our overall performance. With that aim in mind, we have identified some common features that underpin our most successful and scalable partners.

Catalysing "disruptive" change through "angel philanthropy"

"Angel philanthropy" refers to investing in a new venture without a proven track record or documented impact but with a new business-based concept, a new product in a new market which has the intrinsic goal of going to scale, achieving measurable social impact and becoming financially viable. We find it striking that in every instance where we have succeeded in building partnerships that have achieved scale, it has been with newly created entities that we helped co-found using new business models we co-developed. In all cases we were also the sole partner and subsidy provider during the development and testing of these business models. We have never succeeded in helping an existing organisation go to scale and thus believe that "angel philanthropy" has significant potential to create scalable solutions.

Testing new solutions with new partners in new markets is inevitably risky. Where we chose the wrong partner with insufficient business acumen, we failed. Our partner selection process has evolved considerably. We now look for "entrepreneurial" partners who focus entirely on the venture and share the start-up risk by investing their own resources in it.

It is hugely important to have an aligned vision with partners from the outset. This means having a plan that is based on recruiting the best staff and developing the most efficient systems. Where we have partnered with individuals or organisations who did not share this early ambition to achieve scale, we found it virtually impossible to "retrofit" the subsequent capacity needed to achieve it.

Building sectoral pioneers

We believe there is a need to deploy all available resources to build a sustainable enterprise rather than simply provide short-term grants. Building sustainable enterprises means investing in core capacity and systems as a prerequisite for scale. It also requires additional input over and above finance in the form of business advice, market access and appropriate governance support. This means that large amounts of up-front subsidy and staff time must be committed before verifiable development benefits materialise.

Building sustainable enterprises that can impact development challenges takes time, patience and considerable investment. We have invested 10 to 15 million US dollars of grant support over 5 to 7 years to help our strategic partners achieve scale and sustainability.

IES Electrical and Hardware Supplies, South Africa — one of the SMEs supported by GroFin.

** Chris West speaking at the European Venture Philanthropy Association (EVPA) annual conference in November 2010 in Luxembourg.*

GroFin has helped Lima Feeds, a manufacturer and distributor of animal feed in Kenya, to grow their business.

Shell Foundation has invested considerable time in providing a range of expertise, business advice and skills-based support to our partners. We believe that this "more than money" input forms a critical part of our differentiated business model and serves to significantly reduce the risk of working in a start-up environment. We apply the same approach by harnessing our links to Shell. Our shared branding has been of value to our partners in leveraging support and opening doors. Over the past decade we have helped partners leverage over 1.2 billion US dollars.

Scale is not enough

We now realise that achieving scale alone is not enough. No matter how successful our partners are at pioneering new business-based solutions to development challenges, they alone will never fully address the unmet needs of the millions of poor people around the world. There is a need for wider system change including more effort by us and others to promote replication and overcome market barriers.

In summary, we believe that foundations have a hugely important role to play in supporting efforts to resolve global development challenges. The current debate around the importance of "impact investing" will help mobilise capital from other sources towards these shared goals. But a very significant gap still remains between those organisations that give project-based subsidy to "not-for-profit" entities and those social investors that seek blended (development and financial) returns. Here there is a vital role for "angel philanthropy" that can catalyse new enterprise-based solutions, deploy significant subsidy and "more than money" to achieve scale and adopt a market-based approach.

We accept that "angel philanthropy" requires focus, patience and flexibility. We also acknowledge that it represents a high risk approach given the time needed to achieve developmental returns. But we believe that more "angel philanthropists" are needed to catalyse and support the growing number of social entrepreneurs until they are ready to source second stage finance from others. Tackling global development challenges is not easy but our collective chances of success will increase if we can encourage more funds into this space.

This article is adapted from the report "Enterprise Solutions to Scale", available at: **www.shellfoundation.org/reports**

Karin Jestin of Fondation 1796 comments on the Shell Foundation report, "Enterprise Solutions to Scale"

Effect asked Karin Jestin, Secretary General of Fondation 1796 and formerly of FSG Social Impact Consultants, what she thought of the Shell Foundation's report, "Enterprise Solutions to Scale".

Karin Jestin: The Shell Foundation report on taking enterprise-based approaches to scale is a relevant and readable overview of the lessons learned and best practices that have been picked up over ten years of effective existence. One ought to applaud the transparency and modesty with which the foundation shares successes and failures, as well as insights gained along the way which helped lead to important evolutions of the foundation's strategy over the years.

The report usefully highlights key success factors for building sustainable businesses to address global development challenges. I would argue though that quite a number of these factors are equally valid for more traditional funding approaches, namely the value of a proactive and risk-taking attitude in giving; of making your expectations known from the beginning; of committing for the long-term to partners and adopting a comprehensive approach to capacity-building; and the critical need for quality and vision at the top.

As a corporate foundation, Shell Foundation also recognises the still largely untapped potential of strengthening social initiatives by leveraging corporate capabilities – in terms of expertise, resources, networks and reach (see "Uncommon Partners: The Power of Foundation and Corporate Collaboration", 2005). Is there any other way than cross-sector collaborations when ambitiously setting out to "catalyse scalable and sustainable solutions to global development challenges"? It also raises the debate between scale and replicability: In the future, should more work go into methods for "licensing out" a sustainable model?

Finally, it is regrettable to see that the relay with secondary sources of funding is proving arduous. At a time when social impact investing is burgeoning and trying to find its way as an asset class, foundations supporting enterprise-based solutions would add much value in enhancing approaches and methods for measuring the social impact of their endeavours.

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www.fondation1796.org

The W.K. Kellogg Foundation talks sustainability in an international context

Effect spoke with W.K. Kellogg Foundation Chief of Staff Jim McHale about the foundation's current efforts to create sustainable change in its international operations.

Effect: Does the Kellogg Foundation's approach to its international operations differ from its North American activities?

Jim McHale: For a regional international funder like us, sustaining impact over time is about adaptability as well as strategy. The challenge is often a matter of recognising and applying the best model for the available opportunity. That's true in the US and internationally.

You've made some changes in your southern Africa operations over the past few years. How would you describe your model for that region?

We have provided support in southern Africa since 1985 and we continue to do so through organisations with a strong local presence and a proven track record whose values are aligned with our own. With our programming focus, we no longer maintain staff and infrastructure in southern Africa. Rather, we manage from our offices in Battle Creek, Michigan, leveraging the skills and insights of local intermediaries and funder-partners such as Synergos and ELMA Philanthropies.

You mentioned sustaining impact. What kinds of initiatives do you have in southern Africa that are both sustainable and promote sustainable change?

Our mission-driven investing (MDI) effort aims to achieve both objectives. Three years ago we allocated 100 million US dollars out of our endowment (over and above our grantmaking budget) to invest in enterprises aligned with our mission of propelling vulnerable children to success. The idea is to seek a potential "double bottom line", yielding both financial and social returns, while furthering the mission of the foundation. Twenty-five percent of those MDI funds are allocated to southern Africa. Through our Agri-Vie fund, we've invested to assist in job creation as a means to support and encourage the social and economic transformation of the region, especially as it affects families, women and children. To date, we've made five investments, with two more in the pipeline. We also believe that maintaining leadership pipelines is another key to sustainability. That's why for some time now we've actively supported bursaries and fellowship programmes that work to develop the talent and skills of a future generation of leaders. Last year, we had 70 fellows with an average age of 18, both men and women, many of them from rural Africa. The African Leadership Academy is another such pipeline. Currently, it has 274 students, 72 from southern Africa.

How does your southern Africa model differ from your Latin America model?

In terms of management, in Latin America we're working from a largely integrated strategy, which requires a local or regional infrastructure and indigenous staffing.

Programmatically in LAC we're focusing on micro-regions, which are rural or semi-urban areas with populations of about 200,000 with high levels of poverty, but also with a strong social fabric; local leadership; natural and/or cultural resources; potential connections with more dynamic economies; and shared priorities with governments, the private sector and other foundations. In these micro-regions we begin by supporting a participatory planning process that will help communities create a ten-year vision and a basic road map to achieve it. Based on that plan and in partnership with other funders, we invest comprehensively in health, education, family economic security, civic engagement and racial equity. To benchmark, and to measure progress, we also invest in a monitoring system that tracks 20 socio-economic indicators in the micro-regions to assess changes in living conditions and opportunities. In addition, we invest in a development programme, which, like our efforts in Africa, is designed to build a pipeline of leadership, skill and talent.

I should add that partnerships are becoming increasingly important as we look for ways to maximise our impact. Just as partnerships have been important in Africa, we're looking to build new partnerships as we leverage opportunities in Latin America, and as we explore potential in other areas. For example, we're already exploring partnerships with European and other funders as we look to re-engage in Haiti, where we began investing in the 1950s.

And looking ahead?

Sustaining impact is about looking ahead. Our mission – in North America, Africa, Latin America (including Haiti) and everywhere we operate – remains to help create conditions that propel vulnerable children to success. The keys to doing so are to be insightful enough to see the opportunities in each region; to remain adaptable enough to build operating models that make sense in each region's context; and then to be creative and resourceful enough to find the most effective ways to maximise the impact of our money. If we can do all that consistently – and I believe we can – then we will sustain impact over time.

www.wkkf.org

Making lasting changes in a time of crisis

By Colin McCrea, Senior Vice President, The Atlantic Philanthropies

Colin McCrea

I applaud the EFC for placing the spotlight on how the use of private resources can lead to lasting change in this edition of Effect magazine and at the Centre's annual conference in May. This focus fits neatly with the *raison d'être* of The Atlantic Philanthropies. Our mission is to bring lasting changes to the lives of the disadvantaged and vulnerable. Lasting changes is the key phrase here as, along with other foundations, we seek to maximise the impact from our giving programmes.

In Ireland at present we face stark choices regarding the type of society we wish to have as we wrestle with severe economic challenges but also fundamental questions around our values as a nation. These challenges have serious implications for civil society organisations, but, in addition, the position is worsened because the two largest foundations in Ireland, The One Foundation and The Atlantic Philanthropies, will cease their operations in 2013 and 2016 respectively. These two foundations account for approximately 80% of all foundation funding in Ireland. But it is not just a question of giving money – foundation giving represents a certain type of giving that is strategic, focused, often risky and innovative and is arguably more significant than the actual monetary amount in question.

In Ireland at present we face stark choices regarding the type of society we wish to have as we wrestle with severe economic challenges but also fundamental questions around our values as a nation.

For Atlantic this context means adding a new layer of work and adapting our strategies to address these difficulties. This applies not only when The One Foundation and Atlantic Philanthropies close their doors, but now, as we address the reduction in government and private funding which threaten the very existence of many organisations.

Sustainability has become the single most important word in our vocabulary. It has always been a concern, because of the limited philanthropic giving in Ireland, but once we made the decision to become a spend-down organisation, it became the biggest challenge. We believe that, unless the organisations we have supported and the social justice themes we have promoted are continued in the future, the impact from our funding will not be optimised.

We are taking particular steps to ensure the sustainability of grantee organisations after we are gone. These include improving the fundraising capacity of the individual organisations and strengthening their advocacy capacity so that the real value to society from these organisations can be understood and appreciated. Encouraging greater collaboration between organisations is proving to be effective in making them more efficient by eliminating duplication, and more effective by presenting a more coherent and winnable offering to potential funders.

The issue of sustainability is a constantly recurring theme in all our discussions with each one of our grantees. We are also working with high net worth individuals to increase their giving, and we are supporting the strengthening of Philanthropy Ireland. We are also engaging with the government to promote and encourage philanthropy and to eliminate the impediments to the growth of private giving in all its aspects. The Forum on Philanthropy, led by the Irish government, is specifically designed to meet this challenge through its membership of senior government officials and representatives from the philanthropic community.

Sustainability has become the single most important word in our vocabulary.

The crisis facing Ireland is indeed a challenging one, and there will be many casualties, but it is also re-energising civil society organisations to meet these difficulties. The mood is to turn the challenge into an opportunity and not to waste the crisis. This has forced us to think about what type of society and values we want and to question whether the society that we became is who we are, or want to be, as a nation. Many of the aspects of the boom time are ones that do not feel attractive to us now, and civil society is determined to use the crisis to reaffirm the values of community, citizenship, and mutual support that were lost.

www.atlanticphilanthropies.org

Exit strategies and sustainability

By Eoghan Stack, Senior Portfolio Manager, The One Foundation

Eoghan Stack

The One Foundation, based in Ireland, was set up in 2004 as a ten-year limited life foundation. With the excitement of setting up a new foundation the team at ONE looked ten years into the future and assumed that by 2014 we would see successful grantee organisations having impact; the Irish government recognising innovation and mainstreaming effective services that aligned with government policy and interests; a further developed Irish philanthropy sector with more foundations like ONE having emerged from the Celtic Tiger, enabling us to "pass the baton"; and our grantees as successful fundraisers. All of this was underpinned by the assumption of a stable and healthy Irish economy — which made perfect sense at the time.

Five years in, it was clear that these original assumptions supporting our exit no longer held. Being a fixed-life fund has its natural exit challenges, but in the context of crippling government finances, recession and a slower-than-expected developing philanthropic market, these challenges had become magnified.

Success for One Foundation in terms of its impact and reputation required thoughtful planning, and creative responses in relation to sustainability and ongoing hard discussions with grantees as well as with itself.

So what is ONE's definition of a successful foundation close?

First, the most important thing for ONE is to achieve social impact, meaning that significant and noticeable difference on core social issues has been made, and some successes can be proven evidentially. Second, it is important that grantees survive or close in a way that ensures the legacy of ONE to have been generally positive and sustainable.

And so ONE set a new goal to plan a successful exit so that the foundation's impact would be sustained to at least 2016 – two years after ONE will have closed, representing 20% of ONE's overall lifetime. It's safe to say that most foundations would find setting themselves this same target a significant challenge.

Approaching exit and sustainability planning

Exit is about managing risk, aimed at maximising potential long-term impact and sustainability. Exit should be discussed as part of any investment. This can be fixed at either a defined point in time – such as One Foundation's own end of life – or when certain conditions are met, for example, an advocacy goal has been achieved. It is advisable to start preparing a grantee for exit several years before time of expected exit, and to strongly involve CEO, senior management and board in exit preparations.

Grantee organisations need to consider both financial – and organisational – resilience when assessing their own exit readiness. Financial resilience includes having diversity of income sources – with earned income generally the best form of income stream – as well as having sufficient reserves on the balance sheet. Organisational resilience includes the strength of the CEO and senior management team; the strength of the board; brand profile; and fundraising capability.

Implementation

ONE's sustainability assessment of its grantees identified that organisations' abilities to replace funds depend on several factors such as the size of investment as an overall percentage of income; the purpose of the investment; length of investment; stage of development of the organisation; and the nature of the cause that the grantee is focusing on. We concluded that high levels of resilience did not necessarily guarantee successful sustainability, and realised that each organisation's situation is unique, and so our approach to developing sustainability plans needed to be tailored.

The One Foundation established a "menu of supports" to increase our grantees' ability to achieve impact by 2013 through scenario planning; strategic reviews and/or business planning;

Barnardos is Ireland's leading children's charity.

Educate Together aims to establish schools that recognise the developing diversity of Irish life.

fundraising strategy development and implementation; and CEO leadership training.

The following are examples of different sustainability plans that have been developed by grantee organisations and supported by ONE:

Barnardos is Ireland's leading children's charity whose mission is to support families and challenge communities, society and government to make Ireland the best place in the world to be a child. In 2005 Barnardos launched a new strategy with the support of ONE Foundation and The Atlantic Philanthropies, which included building the organisation's capacity to raise funds. This investment focused on growing the fundraising and communications teams and establishing a dedicated advocacy team. Since 2005, Barnardos has doubled its fundraising income assisted by increasing brand awareness – primarily driven by a five-fold growth in its donor database focused on monthly direct debit donors all while maintaining expenditure at an even level.

A key lesson for The One Foundation is that it takes significant investment and time to develop a fundraising capacity to the levels that start generating a sufficient return on investment.

Educate Together aims to meet a growing need in Irish society for schools that recognise the developing diversity of Irish life. The initiative guarantees children and parents of all faiths, and those of no faith, equal respect in the operation and governing of education. ONE invested in Educate Together in 2009 with a significant four-year grant commitment that would support the organisation right up to the point of ONE's own closure. The programme's strategy is to open more schools in line with a growing demographic need for further school capacity in Ireland. It developed a financial model exploring ways it could become sustainable by opening a critical mass of schools, creating more opportunities for school-community fundraising, and developing revenue generating training modules targeting teachers and voluntary school boards of management in all schools.

ONE has invested in Educate Together's capacity to scale and open new schools along with developing its communications and fundraising capacity.

Headstrong's mission is to empower communities to support young people aged 12 to 25 in Ireland, and enable them to achieve better mental health and well-being. Headstrong has opened five demonstration sites around Ireland to show how better outcomes can be delivered by coordinating existing services. As a newly opened start-up organisation in 2007, solely funded by ONE, the programme's sustainability strategy from the start was to influence the Irish government to cover the cost of opening and operating new support sites throughout Ireland in the long term. The strategy seems to be working – the Irish government recently announced significant financial support to Headstrong to open a further five demonstration sites.

Headstrong strives to empower communities to support young people aged 12 to 25 in Ireland.

While the above examples focus on the sustainability of organisations, the sustainability of advocacy and rights-based missions require a much broader approach which considers:

- Alternative sustainable homes for the work currently done by grantees including statutory bodies, trade unions and the private sector
- Achieving an objective so that the work is no longer needed such as securing a legal requirement that certain protection be provided
- Clarity on the vision that funder and grantee are trying to achieve
- Building collaboration, and potentially consolidation, between grantees into future rounds of grants so that any downsizing is carried out in a strategic way

Every organisation demands a different approach to exit, but a willingness to deal with this from the outset by all parties promises the best chance of success.

www.onefoundation.ie

Exit this way — Create a foundation

By Jenny Hodgson, Executive Director, Global Fund for Community Foundations

Jenny Hodgson

How long to stay? When and how to leave? How to guard against dependency? How to ensure that what has been started can be sustained? We are all familiar with the challenges and dilemmas facing international institutions involved in supporting social and economic development globally at a local level. In this context, a strategy which supports the creation of a local foundation — community, national, regional or issue-based — would appear to make a lot of sense.

For a donor concerned about ensuring a responsible exit strategy, as well as the ongoing sustainability of past programme investments, a local foundation has much to offer. Resources can be responsibly parked in a long-term institution (whether as endowment or re-granting funds) alongside philanthropic contributions from a range of other sources. Furthermore the multi-stakeholder framework of a public foundation which is independently governed and managed; has a diverse funding base of international and local philanthropic contributions; and whose proximity to its community means that it can respond swiftly to changing needs and new challenges offers a new dynamic to development processes which can often be characterised by local dependency and disempowerment.

A local foundation, with a diverse funding base, an independent identity and an empowered board and staff, has much to offer...

Anecdotal evidence would certainly suggest that increasing numbers of donors are creating local foundations as part of an exit and/or sustainability strategy. The fall of the Berlin Wall in 1989 prompted a sudden and significant influx of international development aid into Eastern Europe and the former Soviet Union. However, even from the start, thoughts of exit strategies constituted a key consideration in the formulation of bilateral and multilateral donor interventions to support civil society, and the creation of community foundations was a common component of such programmes.

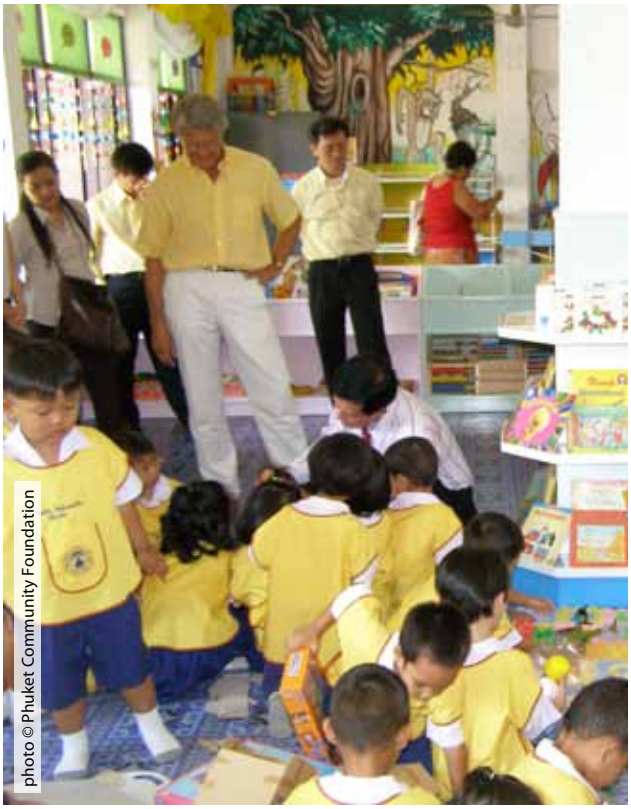
In countries such as Bulgaria and the Baltic States, USAID introduced the community foundation model and funded the establishment of individual institutions as a way of sustaining its investments in civil society development. Elsewhere in the region there are many other examples of organisations that started life as NGO resource centres (and that played a crucial role in contexts where organised civil society was still in its infancy) at some point being re-tuned or repositioned as community foundations.

Other examples of local foundations established by bilateral and multilateral funding institutions have included the World Bank's efforts to seed community foundations in Moldova, Thailand and Tanzania in the context of their Community-Driven Development (CDD) programmes, as well as the Manusher Jonno Foundation in Bangladesh and the Foundation for Civil Society in Tanzania, which were both transitioned from multi-donor civil society programmes managed by an NGO to local foundations.

A number of private funders such as the Charles Stewart Mott, Ford, W.K. Kellogg and Aga Khan Foundations, have also made significant investments in supporting the establishment and institutional development of local indigenous foundations over a number of years, both geographic- and issue-based.

In general, this group of funders has tended to place greater emphasis on local public philanthropic institutions as an essential component of a healthy civil and democratic society, where citizens are engaged as donors and active community members, rather than as vehicles which can serve as delivery mechanisms for their own programmes. The framing of their support, therefore, has tended to focus more on building a local culture of philanthropy, and identifying and cultivating local leadership.

Programme in Serbia funded by the Balkans Community Initiative Fund (BCIF).



One of the toy libraries established across Thailand by the Phuket Community Foundation gets a visit from Rien van Gendt of the Van Leer Group Foundation.

As the trend for establishing local foundations increases, not just among development and philanthropic institutions but also within the private sector (with particularly interesting developments on this front within the extractive industries) here are a few thoughts and observations on ensuring the effectiveness of such a strategy:

1. Moving beyond "sub-contracted management" to full independence

A local foundation, with a diverse funding base, an independent identity and an empowered board and staff, has much to offer in terms of fostering local ownership, offering long-term sustainability and overcoming donor dependency. However, these can really only be achieved if funders are fully prepared to invest in and delegate decision-making powers to a local institution which, in turn, derives its own credibility and legitimacy as much from its own community members as from the corridors of international development institutions in London, Brussels or Washington. If it is only an efficient and cost-effective mechanism through which to channel re-granting funds on a contractual basis that is being sought, then perhaps a funder should consider whether there are institutions (consultancies, other NGOs) better equipped to provide this kind of service?

2. The importance of local philanthropy in changing the dynamics of development

If real and significant change is to occur through the creation of a local foundation, it needs to be able to attract resources from more than the original funder – otherwise, it is only the delivery mechanism that changes while the overall dynamics remain the same. The role of local philanthropic resources therefore becomes essential. While local philanthropy is perhaps not a natural part of the mainstream development discourse (particularly among bilaterals and multilaterals), the foundation sector – both private foundations and community foundations – does have considerable experience to lend to this conversation.

In the Western Balkans, for example, the Rockefeller Brothers Fund has played an important role in supporting discussion and thinking among a set of national grantmakers in Serbia, Macedonia, Montenegro and Kosovo (largely funded by international sources), around the role and importance of local philanthropic resources as a way of building local constituencies and increasing local buy-in. This has created a new impetus for the development of local philanthropic resources in supporting the ongoing growth of civil society and democratic institutions.

3. Words are just the start

In development and philanthropic circles, we like our terminology. On paper, therefore the transition from programme to foundation – or from NGO resource centre to community foundation – may seem very logical, even smooth. The reality is, however, that the process often requires a very different set of skills and leadership. Although foundations – both public and private – are well-established in the Global North, in many developing contexts, particularly where foreign aid has a long history, a community foundation offers an alternative to what has gone before and, in that sense, can be regarded as a real form of social innovation which requires more than good project management or proposal-writing skills.

4. Consult, invest in local leadership... and give it time

A report by the Ford Foundation, reflecting on its considerable experience in supporting foundation development concluded that it took a decade to bring a foundation from start-up to maturity. Not all funders have the luxury of a ten-year horizon, but lessons from the field point to the value of investment in particular aspects of a foundation-building process. These include the importance of community-wide consultations at the planning stage and building on local initiative.

In Phuket, for example, a conversation about the community foundation concept initiated by the Synergos Institute and the Van Leer Foundation encouraged a group of civic leaders, concerned about the lack of any local philanthropic institution that could respond to local community needs following the Indian Ocean Tsunami, to establish a community foundation on the island. Matching endowment funds from the Van Leer Foundation also helped frame the context for the new institution.

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www.globalfundcf.org

Ensuring the "impact" in "impact investing"

By Nicholas Colloff, Director of Strategy and Innovation, Oxfam

Nicholas Colloff

Impact investing is undeniably a hot topic on the philanthropic scene, with considerable time and effort devoted to discussing the possibilities for this emerging asset class to tackle some of the world's entrenched social and environmental problems. This is a step beyond traditional philanthropic financing models, and it is bringing together a range of different actors including large-scale finance institutions, private wealth managers, commercial banks, investment funds and of course, private foundations. Indeed, as the recent report by J.P. Morgan makes clear, impact investors vary widely in character and objectives and herein lie both the challenges and the opportunities.

You may now be curious as to Oxfam's involvement in this area – NGOs, and for that matter social movements or poor people themselves, are noticeably absent from much of the discussion on this topic. However, if "social and environmental impacts in addition to investment returns" are what set impact investing apart from traditional investment models, then organisations like Oxfam and colleagues at the EFC have a key role.

The potential for foundations to contribute their expertise and resources to this new way of financing and achieve sustainable change is considerable.

At Oxfam, through our experience of working directly with some of the poorest and most vulnerable communities in over 70 countries, we have known for some time that growth-oriented small and medium enterprises (SME), typically employing 5 to 50 people, and managed by both women and men, have a greater potential for sustainable economic and social development and allow a more permanent exit from poverty than household-based micro-enterprises. The availability of SME finance in the right amounts and on the right terms directly affects our capacity to support poor communities in successfully working their way out of poverty.

However, despite the recent rapid growth of the sector, a restricted supply of capital remains one of the key constraints limiting the ability of these SMEs to be the catalysts for sustainable development they can be. And this is where impact investing makes its contribution. Some may find it surprising that we ourselves have decided to participate directly in the supply of capital to SMEs by developing a "Fund of Funds" with an experienced financial partner and the City of London Corporation. We see our particular added value in relation to the thorny issue of ensuring that, beyond all the hype, there really is an effective social and environmental impact attached to the investments.

But assessing the social and environmental impact of various investments is not a straightforward process, and there is still no clear, transparent and standardised understanding of how real social and environmental progress can be measured. Here we, along with our colleagues at the EFC, have a vital role in contributing detailed knowledge of the complex social and environmental issues facing communities all over the world to the discussion on how best to support and invest in these communities. Our concern is that the bar for assessing the impact in impact investing will be set too low, with too general a focus on economic returns. Beyond counting the number of jobs created, for example, we want to look at the number of these jobs which are held by women, the impact this has on households and how the added income is spent.

Of course, looking at impact effectively is not without its challenges, particularly in relation to managing the costs of this. But this is not to say that we do not expect the ˝Fund of Funds˝ to generate reasonable rates of return. Indeed, this is crucial to the sustainability of this model of financing both for investors and investees. Over time, we expect that by building real confidence in the social dimension of the return among investors based on clear assessments of impact, we will increase tolerance of a slightly higher level of risk coupled with a slightly lower, but still acceptable, financial return.

The potential for foundations to contribute their expertise and resources to this new way of financing and achieve sustainable change is considerable. This could take various forms, from guaranteeing first losses and thus reducing the downside risk for other investors to ensuring that the social and environmental challenges faced by poor communities are effectively represented.

Impact investing is no silver bullet. The lure of financial returns cannot eclipse the importance of establishing effective and transparent benchmarks for measuring the benefits. Without these, how do we know there is an impact attached to impact investing?

www.oxfam.org

EFC 22ND ANNUAL GENERAL ASSEMBLY AND CONFERENCE

RESOURCES AND SUSTAINABILITY – THE OCEANS

26TH - 28TH MAY 2011 / CASCAIS, PORTUGAL

CONCURRENT SESSIONS

CAPACITY BUILDING

- How do you secure your independence? Tell people what you are doing
- Keeping afloat: New strategies for changing times
- Responsible investment: Titanic struggle or voyage of discovery?

COMMUNICATIONS AND RESEARCH

- Adrift in a sea of information: Finding the right management system
- Communications: Finishing touch or integral part of programme development?
- Evaluating communications for greater impact
- The beacon of independent research: Can foundations shed some light?

LEGAL

- A new tool for citizens: Bringing the European Foundation Statute to life
- Dine at the legal and fiscal buffet!
- Playing by the rules: Tax exemptions for market activities and EU competition regulations

NETWORK BUILDING

- Should we collaborate in politically challenging contexts?
- Matchmaking or third wheel? The role of philanthropic infrastructure in collaboration
- You convinced us, we want to collaborate: Where do we start?

THEMATIC DEBATES

- Disaster response: Learning from past experience, e.g. the case of Haiti
- Education for culture
- Diversity in Europe: A crisis of tolerance?
- Financial crisis: What have we learnt?
- Global Philanthropy Leadership Initiative: Leaders working together to improve the environment for global philanthropy
- Protecting the oceans: A question of food security, equity and justice
- The role of philanthropy in supporting reform agendas

CONFERENCE PROGRAMME

Thursday 26th May 2011

09:00 - 12:30	EFC Governing Council
12:30 - 14:30	Lunch
14:30 - 15:30	Opening Plenary
15:30 - 16:30	Networking break
16:30 - 18:00	Concurrent sessions
19:00 - 23:00	Evening social event

Friday 27th May 2011

09:00 - 10:30	Concurrent sessions
10:30 - 11:15	Networking break
11:15 - 12:45	Special Plenary
12:45 - 14:15	Lunch
14:15 - 15:45	Concurrent sessions
15:45 - 16:15	Networking break
16:15 - 17:45	Concurrent sessions
18:00 - 23:30	Evening social event

Saturday 28th May 2011

09:00 - 10:30	Annual General Assembly of Members
10:30 - 11:00	Networking break
11:00 - 12:30	Concurrent sessions
12:30 - 14:00	Closing Plenary
14:00 - 16:00	Closing lunch

A series of pre-conference events will be held on May 25th.

NEW THIS YEAR!

Register online at www.efc.be/aga

www.efc.be/aga

How foundations support volunteers as a resource in their communities

With the launch of the 2011 European Year of Volunteering, the EFC surveyed* its members about volunteering and found that the practical change that foundations seek to achieve in the field is to raise awareness of the value and importance of volunteering; to gain recognition for volunteering at national level; and to achieve higher engagement of citizens in the development of their local communities. Foundations strive to improve both the skills of the staff of third sector organisations managing volunteering activities and to improve capacity building of youth and adults who decide to invest their personal resources for community benefit. Foundations can function both as sensors to anticipate upcoming challenges in the field and as entrepreneurs to test possible solutions.

Here is just a snapshot from the survey of how a few Centre members are supporting volunteering:

Acting as a matchmaker between volunteers and non-profit organisations

Fundación 'la Caixa' offers volunteering opportunities online, with over 3000 people having taken advantage of the programme so far.

Oranje Fonds matches volunteers to organisations during the Dutch national volunteering day NL DOET, which was launched seven years ago.

Corporate foundations, such as Fundação EDP, promote volunteering in their related companies.

Capacity building

Fundación 'la Caixa' and **Fundación Luis Vives** organise special training programmes and capacity building, and develop guides and materials on topics such as the management of volunteers.

Involving young people, including children, in volunteering

Tuzla Community Foundation runs a project that builds the capacities and competences of children to become active citizens of the community.

Strengthening the infrastructure for voluntary work

This is a key objective of the **Robert Bosch Stiftung's** Society and Culture programme.

Fondazione Banco di Sicilia encourages coordination among various voluntary associations by supporting needs analyses, monitoring and evaluation of initiatives.

Documenting volunteering

The **Körber-Stiftung** and the German Federation of Foundations launched a survey on volunteer funding by foundations in Germany in 2010.

Providing financial support for projects of volunteer grass-roots organisations

Compagnia di San Paolo provides organisational, training, management, legal etc. support to grass-roots volunteer associations through Italy's "special regional funds for voluntary work", to which foundations of banking origin must contribute by law.

Fondazione Cassa di Risparmio della Spezia and **Fondazione Cassa di Risparmio della Provincial Dell'Aquila** allocate funds to support local volunteering organisations, which try to answer to a multitude of emergencies and needs of society in the relevant territory.

Some members such as **Fondazione Cassa dei Risparmi di Forlì, Fondazione Cassa di Risparmio di Fossano, Fondazione Cassa di Risparmio di Padova e Rovigo and Fondazione Banca del Monte di Lucca** focus on organisations providing support to specific groups such as disabled people, families in need, elderly people, women and young people.

Raising standards in the field and as part of the foundation grant application process

The **City Bridge Trust** engages in this type of activity, which includes asking applicant organisations what they do to support their volunteers.

Cera believes it is essential that volunteers gain more visibility and better support, so it invests in umbrella projects that support and promote volunteer work.

Raising awareness of the 2011 European Year

Fundação Eugénio de Almeida is working with the national agencies responsible for the implementation of the Year at the national level, and the foundation is promoting it in their programmes.

At EU level, the **Robert Bosch Stiftung** supported the campaign "Towards a successful European Year of Volunteering 2011" and backed the Alliance for the European Year of Volunteering 2011 to raise awareness and facilitate networking and cooperation of actors in the field.

*Responding foundations to the survey include: Cera, The City Bridge Trust, Compagnia di San Paolo, Fondazione Banca del Monte di Lucca, Fondazione Banco di Sicilia, Fondazione Cassa dei Risparmi di Forlì, Fondazione Cassa di Risparmio della Provincia dell'Aquila, Fondazione Cassa di Risparmio della Spezia, Fondazione Cassa di Risparmio di Fossano, Fondazione Cassa di Risparmio di Padova e Rovigo, Fundação EDP, Fundação Eugénio de Almeida, Fundación 'la Caixa', Fundación Luis Vives, Körber-Stiftung, Oranje Fonds, Robert Bosch Stiftung, and Tuzla Community Foundation.

www.efc.be/2011EuropeanYearofVolunteering

Advocating for sustainable change through the Zero Mercury Campaign

By Theodoros Chronopoulos, Programme Director of Social Justice, Sigrid Rausing Trust

Theodoros Chronopoulos

The Sigrid Rausing Trust has supported advocacy work on global toxics for many years. So when a global coalition of 27 groups — The Zero Mercury Campaign — approached us in 2004 with a proposal to fund a collective campaign seeking to eliminate all emissions, demand and supply of mercury from all sources that can be controlled, we were intrigued.

Mercury is highly toxic, travels long distances, is persistent and accumulates in the body, where it can damage the central nervous, cardiovascular, immune and reproductive systems. Mercury poisoning can cause acrodynia, Hunter-Russell syndrome and Minamata disease. The latter takes its name from the small Japanese town that became the site of the worst industrial disaster caused by the release of methylmercury, (mercury's most toxic form) in Minamata Bay over a period of more than 35 years from 1932-1968. Over 3000 people suffered deformities, paralysis, blindness and other neurological damage after consuming fish from the Bay.

Consumption of contaminated fish continues to be a major source of exposure to methylmercury around the world, while in developed countries, inhalation of mercury vapour from dental amalgams constitutes the largest single source of exposure. EU experts have estimated that 3 to 15 million people in Europe have mercury levels around the recommended limit and a small percentage has levels 10 times as high. In 2002, the European Council asked the Commission to formulate a strategy for the protection of human health and the environment in relation to mercury.

The Zero Mercury Campaign's theory of change was clear and made a lot of strategic sense – it understood that the European Commission was willing to take a strong stance on mercury and that this would have important global implications. As one of the largest consumer and trading blocks in the world, the EU still has the power to export its regulatory regime. Moreover, a strong Community Strategy would turn the EU into an important advocate for tougher action on mercury at the international level.

Several important aspects of the Campaign's proposal led us to our decision to get involved. The risk of some northern companies dumping enormous amounts of mercury in the Global South following an EU ban was an important concern for us. The European Environmental Bureau, arguably the most experienced and well-connected environmental organisation in Brussels, had agreed to host the Campaign. Furthermore, at the core of the Campaign's work was a partnership of northern and southern groups whose objectives were not only to bring the experience of communities from Brazil, China, India, and South Africa to the European policy making process but also to push for a legally-binding international treaty on mercury. Finally, we considered the success of some of the most effective public health initiatives in Europe and the US, including the US Clean Air Act which led to dramatically reduced lead poisoning rates.

By the end of 2008, the EU had taken all necessary legislative steps to ban the export of mercury and certain mercury compounds (thus taking out approximately 25% of the global supply); prohibited the use of all mercury-containing measuring devices for consumers' use; and ordered the safe storage of decommissioned surpluses. We believe that without the Campaign's networking skills; strategic foresight; the ability to adapt quickly to changing circumstances; and skill at engaging with parliamentarians and other policy makers, the legislation would have been much weaker.

The Zero Mercury Campaign's theory of change was clear and made a lot of strategic sense...

The success many thought impossible came early in 2009 when, following the election of President Obama, the US reversed its position and endorsed negotiations for an international treaty on mercury. Campaign member organisations in the US proved critical in engaging with President Obama's transition team and in cultivating relationships with progressive policy makers in the State Department, enabled by invaluable long-term support from the Garfield Foundation, which had created a dedicated mercury reduction programme as early as 2002.

Negotiations on the treaty have started. In 2013, many of the Campaign's members will join world leaders in the town of Minimata where the treaty is expected to be signed. The recognition of the suffering of those poisoned decades ago, and the promise to prevent new incidents, is long overdue.

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www.zeromercury.org
www.sigrid-rausing-trust.org

IMVF working towards lasting solutions to MDG challenges

By Ahmed Zaky, Director, Instituto Marquês de Valle Flôr

Ahmed Zaky

Since its foundation in 1951 the Instituto Marquês de Valle Flôr (IMVF) has been committed to social and economic development of Portuguese-speaking countries. For IMVF, capacity building, participation, ownership and appropriation by local communities are crucial in any process of sustainable social and economic change. IMVF is strongly committed to the principle of "people-centred development" and that individuals make the difference. By giving individuals the means, tools and instruments to reshape their present and take charge of their future, sustainable change can be secured.

With an average of 40 ongoing projects, IMVF's focus lies on development cooperation, but it has also engaged in humanitarian assistance and rehabilitation in post-conflict and emergency situations. IMVF is also active in development education in Portugal, working to create critical awareness of North-South interdependency.

IMVF works with an approach that seeks common ground in response to local needs and contexts. Our emphasis is on grass-roots interventions building on the connecting energy of middle-range actors and on bottom-up approaches to sustainable development as well as on cultural responses to change. In valuing the role of the individual and of culture, efforts are placed on both avoiding brain drain and on the capacity building of local actors and resources. That's why IMVF always strives to hire local staff.

The following illustrates our approach, adapted to the specific needs and context of each Lusophone country and based on local ownership and partnerships, which is crucial to ensuring that populations are responsible for their own development.

Guinea-Bissau remains one of the poorest countries in the world with a fragile government largely absent from rural areas. IMVF has worked in rural poverty reduction – projects have ranged from primary health care, food security, professional training and capacity building programmes, to strategies for a greater interaction between the state and local communities.

The devastation created by over 27 years of civil war in Angola made clear the urgency of offering Angolans means and opportunities for social rehabilitation and reconstruction. Partnering with local authorities, IMVF supported economic revitalisation projects through the reintegration of former combatants; promoted community associations and integrated rural development; and offered institutional support and capacity building to weakened municipalities.

IMVF's presence in Cape Verde has focused on supporting local authorities and civil society in sustainable and integrated development initiatives that favour local natural resources. IMVF has been crucial in supporting the establishment of a national platform for NGOs and civil society movements, encouraging further coordination and partnerships among local actors.

IMVF invests in potable water as a basic measure to prevent disease.

IMVF has also engaged in the promotion of land rights of former slave communities in Brazil, the Quilombolas – one of the poorest and most marginalised communities. Partnering with local actors, IMVF provided the institutional tools for local organisational strengthening and empowerment, promoting greater social inclusion of the Quilombolas into Brazilian society.

The methodology adopted by IMVF has always been based on a meticulous assessment of the essential needs and assimilation capacity of its partners. This analysis creates a specific strategic approach for each context. A good example of one of IMVF's innovative initiatives is the "Health for All" Project started in 1988 in São Tomé and Principe (STP). This initiative transformed the health system in STP from a centralised, operationally and financially dysfunctional and ineffective healthcare service to a decentralised, functional and sustainable preventive and primary healthcare "delivery to all" system, placing STP's health indicators at the forefront of Sub-Saharan Africa.

The impetus for the project came when IMVF realised that 85% of the healthcare budget absorbed by the main hospital was merely treating 15% of the population, while the local primary healthcare units spent 15% of the budget and dealt with 85% of the population. Health service delivery was therefore decentralised and remodelled to give access to the whole population. On the other hand, the epidemiological profile of STP largely characterised by communicable diseases, suggested a need for greater emphasis on prevention and early treatment. In this context, IMVF introduced the innovative concept of the "Integrated Healthcare Service Package" (IHSP), offering equal and widespread access of healthcare services to the whole population. It promoted preventive healthcare – such as education; awareness and vaccination campaigns; provision of potable water and sanitation services; and mother and child healthcare. And at the same time it strengthened and extended primary healthcare services ensuring that permanent primary healthcare assistance was available to the entire country. The network of approximately 30 health facilities was strengthened through significant investment in the technical capacities of staff (who are all São Toméans), ensuring availability of medicines, lab analysis and structural improvement.

Improving complementary means of diagnosis – a first step towards "telemedicine" in São Tomé and Principe.

The methodology adopted by IMVF has always been based on a meticulous assessment of the essential needs and assimilation capacity of its partners. This analysis creates a specific strategic approach for each context.

The project also invested in the institutional capacity of the STP Health Ministry and continues to value local technical staff, avoiding a brain drain. The project also assures financial sustainability through cost-recovery policies. Strategically, it contributed to the rationalisation and reduction in demand of emergency care at the only hospital in the country. In effect, despite being a poor country, WHO and UNICEF have declared that STP is now on track to attain the MDGs in the health sphere.

www.imvf.org

Lessons for a sustainable future — Young Europeans on the legacy of Chernobyl

By Gabriele Woidelko, Managing Director, EUSTORY

Gabriele Woidelko

On 26 April 1986, a small village in Northern Ukraine called Chernobyl gave its name to one of the greatest technological and environmental disasters of the 20th century. The reactor accident of Chernobyl contaminated regions in Ukraine, Russia and Belarus, and it affected other parts of Europe. The exact number of people who died of radiation exposure during the weeks following the accident is not known exactly. Estimates, however, are in the thousands. Chernobyl exposed to the world the risk of nuclear energy and led to a much more critical discussion about its dangers. And in light of the recent nuclear disaster in Japan, these debates are still clearly relevant.

In the run-up to the 25th anniversary of the reactor accident, which will be commemorated in April 2011, EUSTORY, the History Network for Young Europeans, offered students from various European countries the chance to research the legacy of Chernobyl, and to develop ideas on how to use this particular legacy to contribute to a sustainable future. The framework for this European cross-border initiative was "25 years after Chernobyl – Paths to a culture of transnational remembrance", a project of the IBB Dortmund and Stiftung Mercator in cooperation with EUSTORY and the IBB Johannes Rau in Minsk.

How the project was set up

The overall project consisted of different activities that were run by the partners individually and covered various aspects linked to the topic of Chernobyl. EUSTORY, which was launched by the Körber Stiftung in 2001, organised this initiative which explicitly gave voice to the young generation of Europe, i.e. students from 20 European countries, aged 18 to 28. All of these students had been prize winners of EUSTORY history competitions and participants of international EUSTORY activities. Between autumn 2010 and spring 2011 they were members of a European Internet seminar, or "virtual classroom", on the topic of "25 years after Chernobyl".

Working group of EUSTORY researchers who took part in the Chernobyl project.

How it worked

Throughout the seminar period, the young Europeans dealt with different aspects of Chernobyl. They researched and discussed the energy supply and the governmental position towards nuclear energy in their home countries; they looked into the national media coverage of the Chernobyl accident; and they interviewed people in their local areas who had personal memories of the accident. Thus, a kaleidoscope of remembrance and individual stories about Chernobyl and its legacy was established and published in the "virtual classroom".

The participants also looked into school textbooks of their countries to find out whether and how Chernobyl was dealt with in the official national narrative; surveyed their peers in their home countries to find out what they knew about or associated with Chernobyl; and did research about the consequences of the Chernobyl disaster in terms of solidarity movements that started to develop in their countries after April 1986.

What they found out

It was clear to the participants that European countries have dealt and are dealing very differently with the legacy of Chernobyl. Fossil fuels are still domi-

nant within the European energy supply. Countries like Ukraine and Belarus predominantly rely on (Russian) gas supplies. This creates uncomfortable dependencies which the countries of the previous Soviet bloc are now trying to get rid of – in countries like Estonia, Latvia and Belarus the building of new nuclear power plants can be seen as a strategy towards more political and economic independence from their Russian neighbour. Some of the previous communist countries, such as Bulgaria, are highly interested in strengthening the use of renewable energy on the national level. But these are exceptions.

What struck the students most in their European research was the case of Italy being the only European country that closed down all its nuclear power plants as an immediate reaction to the Chernobyl disaster. All in all, the students did not see any overall strategy on the European level that indicates a clear way of how to back out of nuclear energy programmes. Some of the young Europeans underlined the responsibility of well-developed western European countries such as Germany to take the lead on this.

The comparison of national media coverage on Chernobyl led to the impression that in 1986 all over Europe, and in the rest of the West, information about the nuclear accident was completely unsatisfactory. It turned out that all coverage was based on a short information release issued by the Soviet news agency TASS on 29 April 1986. In the countries belonging to the Soviet bloc at that time, media simply repeated the TASS message and added that the situation was under control. In western European newspapers of that time the young Europeans of today found a lot of speculation, but only a very limited amount of solid information. The lesson learned by participants was simple, but strong – there can be no security or feeling of security without a transparent and open information process.

When looking for individual memories on the Chernobyl disaster, the students were able to uncover a whole mosaic of European fates and lives. Especially the young Europeans from the Baltic States, Ukraine, Russia and Belarus were confronted with memories of those who used to be so-called "liquidators", i.e. people who were forced to work in the contaminated area around the reactor during the days, weeks and months after the accident. Many of these "liquidators" did not survive. And those that did have suffered from severe illnesses and health problems that have had profound effects on them and their children. The project participants found that in some cases their stories, memories and experiences had been hidden for many years – even within their own families.

When it came to researching Chernobyl in school textbooks, surprisingly enough, there was very little mention of the accident in the textbooks of the 20 countries involved in the project. Most mentions, if any, were made in textbooks on natural sciences, in chapters dealing with radioactivity. Even in Italy, where the accident was one of the main reasons for a referendum in 1987 that led to a majority decision of the Italian population against the use of nuclear energy, the history textbooks do not mention anything about Chernobyl. Maybe this was the part of the project that surprised the young Europeans most. They could not imagine that a European disaster of this dimension could have left so few traces in the teachings for the next generation.

When looking for individual memories on the Chernobyl disaster, the students were able to uncover a whole mosaic of European fates and lives.

Ways ahead?

As a result of their work, the participants will discuss their findings and publish a virtual exhibition that will be available to the public on the Internet. They will engage in debates on energy and sustainability and contribute what they have learned about Chernobyl to these debates.

The lesson that Chernobyl teaches to future generations is simple and true at the same time — responsibility for a sustainable future is on each one of us.

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http://chernobyl25.wordpress.com
www.eustory.eu

The gender factor — How women's organisations further sustainable social change

By Angelika Arutyunova, Manager of Where is the Money for Women's Rights, Association for Women's Rights in Development (AWID)

Angelika Arutyunova

Development strategies of the past decade have increasingly recognised the connection between women and children's well-being and gender equality to the overall well-being of communities, societies, and economies. The MDGs launched in 2000 and the World Bank's "Gender Equality as Smart Economics" plan published in 2007 are notable examples.

At the same time, research demonstrates that women's rights and gender equality issues still lag far behind others in receiving financial support. Despite this, women's rights movements' unique approaches, contributions and impact on development goals, gender equality, and sustainability have been remarkable. Some of their most outstanding contributions include helping to break the culture of silence around rape and violence; furthering understanding of gender and collecting gender specific data; and helping construct new institutional arrangements and mechanisms to advance equality such as gender budgets and police stations for women, among others.

Women's organisations are also at the forefront of analysing and responding to challenges presented by the current context for advancing social change. For example, AWID's next International Forum on Women & Development, to take place April 19-22, 2012 in Istanbul, Turkey, will convene close to 2,000 women's rights activists and allies to strategise on "Transforming Economic Power to Advance Women's Rights and Justice." Forum participants will bring together their rich and diverse experiences of surviving in, critically questioning and advancing alternatives to dimensions of the global economic order that have contributed to the recent crisis.

...inattention to women's rights is not a new phenomenon and cannot be fully attributed to funding reductions as a result of the most recent financial crisis.

Women's movements have demonstrated great capacity to build individual and collective forms of empowerment to advocate for and create sustained change at multiple levels – grassroots, local, national, regional, transnational – beyond what policy shifts or support to individuals alone can do. It is this agility, as well as the strength gained through strategic partnerships – with national governments, other women's rights organisations/networks and with other movements – that make women's rights organisations well-positioned to address a variety of development challenges.

That the holistic approaches used by women's movements, taking complexity and diversity into account, have not attracted significant support from various funding agencies requires explanation. This may be partially linked to the fact that many donors continue to support more traditional methods of advancing women's empowerment such as micro-credit, gender mainstreaming, and quota systems, to name a few. However, these methods tend to focus on the individual as the key driver of change in contrast to the approaches of women's movements that view individual problems as related to systemic ones and seek to address economic, social and political rights more broadly.

Such inattention to women's rights is not a new phenomenon and cannot be fully attributed to funding reductions as a result of the most recent financial crisis. In fact, the emergence of specialised women's funds such as Mama Cash in the Netherlands and the Global Fund for Women in the US began as early as the 1980s in response to larger foundations' seeming apathy towards women's rights work. Since then, women's funds have expanded to include close to 40 funds worldwide, brought together under the umbrella of the International Network of Women's Funds (INWF) and the Women's Funding Network (WFN), which comprises 165 members with over 130 of them being US-based women's funds. While such funds play a unique and important role in supporting women's rights organising, it is crucial that funding agencies of all sectors and sizes and with differing priorities understand how women's rights are related to their work and how to use a gender lens in their programmes and grantmaking.

To ensure sustainable development and to fulfil the MDGs, it is time to move beyond simply recognising the importance of achieving gender equality and women's rights. The research done by AWID, among others, demonstrates that social change and development agendas significantly advance when funding is allocated specifically to women and for women's rights advancement.

AWID is funded by EFC members Sigrid Rausing Trust, Mama Cash and the Global Fund for Women, among others.

www.awid.org

A briefing on annual payout for UK foundations

By David Emerson, Chief Executive, Association of Charitable Foundations

David Emerson

Unexpectedly in December 2010, within a consultation paper on giving, the Westminster government suggested that, "foundations should make a minimum payout annually, as is the case in some other countries, as this could result in extra income for charities." We are still speculating as to the origins of the proposal, and to what question it is intended as an answer. Our guess is that it is an attempt to find cash compensation for the impact on charities of public sector cutbacks.

So is such regulation necessary and what might it really yield? It is probable the proposal is drawn from the US where, rather than a mechanism for income generation, it operates effectively through the tax system as regulation against inactivity. Yet in the UK we have charity regulators that need no new and complicated legislation to challenge any underuse of charitable assets by a minority – the issue is one of enforcement, not of new regulation.

The proposal seems ill thought through. In England, the only UK country to which we think it will apply, a foundation has no distinct legal identity, so we don't know if the target includes community foundations, benevolent funds, livery companies, or any other types of charity with an endowment. The proposal also does not take into account volatility and uncertainty in financial markets; the emergence of new and unforeseeable problems; the chronic and worsening nature of many social problems, requiring continuing and increasing expenditure in the longer term; the cycle of foundation programme planning and implementation, requiring different levels of spending at different stages; or the issue of how payments might be adjusted such that grants are made counter cyclically.

If the logistical difficulties and administrative costs of implementing and monitoring payout are then added to the extra expenditure on compliance for foundations, this could see a reduction in money paid out. At worst, as foundations seek to balance future needs and current requirements, a probable payout level of 5% could become a *maximum* level in practice rather than a *minimum*. Critically, any payout rate does not release any additional money into the sector or increase investment returns in itself. All it might do is take money from future grantees to give to today's grantees minus interest earned and any capital gain. It favours the needs of present against those of future charities.

Our research suggests that the evidence that payout works elsewhere is far from convincing. In Canada the required level of payout was reduced to 3.5% because the previous rate was unsustainable. In the US, 5% has become a maximum distribution rather than a minimum, and arguably remains a source of friction with succeeding administrations. Conversely the Netherlands' government sensibly accepted that payout can never be absolute but must remain an alignment between the nature of a foundation's investment policy and its spending policy over a range of years.

...in the UK we have charity regulators that need no new and complicated legislation to challenge any underuse of charitable assets by a minority – the issue is one of enforcement, not of new regulation.

Surely the real issue has to be about foundations' missions, strategies and public benefit: What do foundations need to do or spend in order to be most effective? In what other fields would we ever consider

measuring the effectiveness of an organisation by the amount it spends per year? Our fear is that foundations' focus would move to getting money out the door, not effectiveness – that they will be driven by compliance rather than innovation. That will not in itself deliver greater public benefit, which should be our focus.

Imposing payout will require new charity legislation for a most uncertain gain, imposing on foundation trustees an additional regulatory requirement while simultaneously setting a significant challenge to the independence of foundation trustees, and by extension to all charities. Once a principle is established that government could significantly influence one group of charities, this could be extended to many more, starting a process that risks the independence of all trustees and their charities.

The Association of Charitable Foundations has been supported by extensive feedback from its members, and is making a substantial critical response to the consultation paper. However, we shall not know until early spring this year whether or not the government intends to proceed with legislation.

www.acf.org.uk

Rules on disbursement of assets or income*

Information taken from 2011 EFC country profiles published on the EFC website

Disbursement of assets: In no EU country – nor in Switzerland, Turkey or Ukraine – does civil and/or tax law require a foundation to spend a certain percentage of its overall assets.

Disbursement of income:

Country	Does civil and/or tax law require a foundation to spend its income, or a certain amount of its income, within a certain period of time (e.g. within the next financial year)?
Czech Republic	Yes. The court will dissolve a foundation that has not fulfilled its purpose or distributed grants for a period of 2 years.
Finland	Yes. No fixed amount indicated, but tax law states that a foundation should spend most of its annual income (not capital gains) within a reasonable period.
Germany	Yes. German tax-exempt foundations must spend their income for public benefit purposes within the next year. Foundations can give 1/3 of the income to the founder/close relatives, and 1/3 of the profits (after deduction of administrative costs) from asset administration can be used to build up the endowment.
Ireland	No. However, if a foundation wishes to accumulate capital for more than 2 years, the foundation must first obtain permission from the Revenue Commissioners.
Italy	For foundations of banking origin, at least half of the profits of the year must be granted in the following years. ONLUS (Organizzazione Non Lucrativa di Utilita' Sociale /non-profit organisations) are obliged to use their profit to pursue their institutional purposes. Other foundations must also give some grants within a reasonable period of time in order not to become ineffectual and be dissolved.
Portugal	Yes. At least 50% of overall net income must be allocated to the purposes justifying the foundation's tax exemption by the end of the 4th year of activity after the year in which the income was obtained.
Slovakia	Depends on the type of income: Income from tax designation must be spent within a certain period.
Spain	Yes. Civil and tax law state that a foundation must dedicate at least 70% of net income to a general interest purpose within 4 years.
Sweden	Yes. According to tax law a foundation must use approximately 80% of its income to pursue its public benefit purpose within a period of 5 years if it wishes to retain its favourable tax status.
UK	Civil and tax law require that income must be spent within a reasonable period, generally accepted to be 3 years.

Turkey	*Yes. This applies to foundations with tax-exempt status.*
Ukraine	*Yes. Tax law states that private foundations must spend 75% of their income before 1 April of the next fiscal year.*

In the following EU countries, there are ***no*** civil and/or tax law requirements for a foundation to spend its income, or a certain amount of its income, within a certain period of time (e.g. within the next financial year): Austria, Belgium, Bulgaria, Cyprus, Denmark, Estonia, France, Greece, Hungary, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Romania, and Slovenia. This is also the case for Switzerland.

www.efc.be/legal

The next steps for the European Foundation Statute

By Jonathan Faull, Director General, Directorate General for Internal Market and Services, European Commission

Jonathan Faull

The Single Market Act (SMA) of October 2010 puts European citizens, consumers and companies at the heart of the single market policy, and focuses on developing in synergy the single market's social and economic dimensions. It sets out a number of concrete proposals to make the single market more responsive to Europeans citizens' needs and more effective in promoting a "highly competitive social market economy".

The Commission's work in the area of foundations so far – and the SMA announcement that the Commission will present a regulation on a European Foundation Statute – fits well in both of these contexts.

The need for the EU to facilitate the cross-border activities of foundations

Foundations support a number of the EU's key objectives. They provide services which are important for the well-being of European society, in areas such as health, social inclusion, migration, education, and culture. The contribution made by private sector actors in these areas is of great importance, in particular following the recent economic crisis. They also play an essential role in promoting an active civil society in Europe. By acting across borders and engaging directly with citizens they promote dialogue among different actors and cultures at local level.

At the same time, foundations' work supports other EU priority areas, including climate change and environmental protection, economic development, and, last but not least, research and innovation. At the moment Europe's foundation sector substantially exceeds the economic weight of their American counterparts in terms of assets. Those active in the area of research are also more numerous in the EU than across the Atlantic. However, foundations contribute less to overall research funding in Europe as compared to the US.

There are numerous obstacles still in place in the single market preventing foundations from reaching their full potential. These include burdensome national registration requirements when foundations try to operate or to set up in another Member State, and legal or fiscal barriers for donors seeking to support philanthropic interests in other parts of Europe.

State of play and next steps of the Commission's work on foundations

The Commission wants to facilitate the operation of foundations across Europe. Its objective is to improve economic support from the private sector to public benefit purposes in the EU and to strengthen philanthropic activities with a European focus.

It is still too early to talk about specific details. However, the forthcoming Commission proposal will clearly define what a public benefit foundation is and how it will work at a European level. It will aim to ease the administrative procedures foundations are required to undergo in order to register and be recognised in the EU, and it will seek to facilitate their cross-border operations.

Preparatory work on the proposal is underway within the Commission. The Directorate General for Internal Market and Services is responsible for the file and will be working in close cooperation with other Commission services. As with all the Commission's legislative proposals, the first step is to carry out an impact assessment. This document will analyse the potential impacts and consequences of introducing a Statute for a European Foundation, and on the basis of these findings, the Commission intends to present a proposal before the end of 2011.

Close cooperation with the foundation sector in the coming months will be crucial.

As for previous (and ongoing) negotiations on other European Statutes, a number of challenges will need to be tackled during the coming months. The Statute will require unanimous approval by the Member States, which could prove challenging given the wide diversity of approaches in national foundation laws.

The success of the project will also depend on the support of the other EU institutions and bodies. So far the European Parliament has expressed interest and support. The Commission will also take account of the suggestions put forward by the European Economic and Social Committee in their 2010 opinion.

Input needed from the foundation sector

The Commission's work builds on comprehensive research and analysis carried out in previous years. Both the external study on the feasibility of a Statute commissioned in 2008 and the public consultation of 2009 have yielded useful information. The EFC and individual foundations have also provided valuable help with their views and suggestions.

Replies to the public consultation highlighted only a few examples of the problems foundations encounter when operating cross-border. This type of information is useful for the current analysis and further examples and case studies from the foundation sector would be appreciated.

New EESC President Staffan Nilsson on foundations, dialogue and sustainability

The European Economic and Social Committee (EESC), as a consultative body to the EU institutions, has a significant impact on the EU's decision-making process. So when this Committee gets a new leader, ears perk up to hear what changes will come and how this will affect the work of the EESC. Effect talked with Staffan Nilsson, the Committee's new President, about the role and plans of the body, which is made up of representatives of a range of interest groups, including civil society organisations focused on social and economic issues.

Effect: Could you talk about why the EESC is relevant in today's context and why foundations should be familiar with its work, and vice versa?

Staffan Nilsson: The EESC has always had a close relationship with social economy enterprises, and foundations are a type of social economy player. Speaking as a member of the EESC's Group III, the group which covers a wide and diverse spectrum of civil society organisations serving very different causes, I can say that social economy has always been something we have cared about, encouraged and tried to reach out to. The various social economy enterprises combine job creation, quality of employment, economic growth, social links, competitiveness, local and regional development and the creation of social capital.

The day-to-day operation of these enterprises proves that it is possible to reconcile the economic, social and environmental dimensions in every policy. So I believe there is a very strong link between our work and the work of foundations. Group III's Social Economy category in the EESC ensures that the interests of social economy enterprises (including foundations) are taken on board when we make recommendations to the EU institutions for better policies.

You have said that dialogue and participation are priorities of your work programme. As the co-chair of the EESC's liaison group of civil society organisations and their networks at EU level, the EFC is interested in how you will take these priority areas forward within the context of the European Civil Dialogue referred to in the Lisbon Treaty.

Yes, dialogue and participation are among my priorities. Of course I had in mind Article 11, which now makes it an obligation for the EU

The Commission relies on the EFC and individual foundations to help explain their needs to national authorities and other concerned stakeholders to prepare the ground for negotiations. Increased communication and awareness-raising will also be of great importance to ensure the success of the new European rules for foundations. The take-up of the existing Statutes – the Statute for a European Company (SE), Statute for a European Cooperative Society (SCE) and Statute for a European Economic Interest Grouping (EEIG) – has so far been fairly low, mainly due to low levels of awareness among the interested parties. Yet, it is only when a European legal form is well known and trusted that it can bring full advantages to those who have opted for it.

Close cooperation with the foundation sector in the coming months will be crucial. Now is the time to provide further examples of concrete problems that impede foundations' activity within the EU and to discuss the most efficient ways of tackling those in the Commission's future proposal.

www.ec.europa.eu/internal_market

institutions to consult civil society. It may seem like lack of modesty, but I have to say that, through our consultation work, we have been applying part of Article 11 for more than 50 years now.

We will continue working on opinions, which are our main tool for advice and also give substance and quality to our work. As an illustration, we were recently asked to provide rapid, concrete input into the single market proposals, which included the European Foundation Statute, and the Europe 2020 Strategy.

We will also lend our support to the citizens' initiative as outlined in the Lisbon Treaty – we can act as a platform, as a facilitator and as an institutional mentor for the EU institutions which need to evaluate citizens' Initiatives and, ultimately, to turn them into legislative proposals.

During my mandate, I'd like to see the Liaison Group bringing added value to the Committee's work and for our collaboration to lead to a win-win outcome for everyone. We need the European networks' expertise to complement our work on horizontal topics and reinforce the Committee's work priorities for the next two years: namely, dialogue and participation, sustainability and growth, and solidarity and development. The members of the Liaison Group discussed concrete actions at a meeting in February this year.

The upcoming annual conference of the EFC will focus on issues of sustainability, which is also a priority for the EESC. What are your plans in this area?

Very good subject for your annual conference! Well, for me, sustainability needs to become the mainstream in almost all policy areas. So when I talk about sustainability, I'm referring to economic, social and environmental sustainability. I am also speaking about peace — we have achieved a sustainable peace in Europe. However, every generation needs to understand the need to maintain peace.

Within the scope of the sustainability and growth priority, we will focus on the Europe 2020 Strategy – working with the national economic and social councils and other similar organisations and making sure they have a say in their governments' affairs, especially in relation to the 2020 strategy for growth. We need to foster green business and social economy enterprises which often offer more sustainable business models than traditional businesses. We will try to advance work on the social business initiative and the legal status of European foundations, cooperatives, mutuals and associations. Last but not least, the EESC has taken the initiative to make up a joint civil society position paper with contributions from the EESC and other European and non-EU organisations for Rio+20, the UN conference on global sustainable development to be held in 2012. In this respect, a contribution from the EFC would be more than useful.

How does the Committee plan to move forward in the area of solidarity and development? What role do you think foundations could play?

The work of the foundations is essential. However, their work should not replace government action, they need to complement each other.

Although the legal status of social economy organisations differs from one Member State to another, they are inspired by common values such as solidarity, social cohesion, social responsibility, freedom of membership, democratic management, participation and autonomy. You have funding capacity; committed and fully dedicated leaders that people trust; and strong networks to reach out with.

When we talk about aid and development, we feel there is a need to support civil society organisations and small operators in developing countries, as they know better than anyone the needs on the ground.

If we want to halve the number of hungry people in the world by 2015, we must look seriously into global food security issues and invest in agriculture, and we also need more regional and global trade liberalisation. This spring, we are organising a joint conference on global food security with the UN's Food and Agriculture Organisation (FAO), and I hope this will be an opportunity for civil society and other stakeholders to advance the work on combating hunger and poverty.

www.eesc.europa.eu

Terrorism and non-profits in Europe

By Lisa Jordan, Executive Director, Bernard Van Leer Foundation

Lisa Jordan

How can governments make sure non-profit organisations in Europe aren't being used as a front for financing terrorism? The idea of "voluntary guidelines" developed by the EU for non-profit organisations is clearly not the way to go. Not only would they be unnecessary, they could do real harm - to the non-profit sector and, paradoxically, to the fight against terrorism.

In my experience of voluntary guidelines in the US, they are in practice rarely voluntary when written by governments – especially if those governments have considerable regulatory control, as they often do over non-profit organisations through the granting of tax-exempt status. Failure to comply with the voluntary guidelines in the US can result in a freezing of all your assets while government regulators review your operations. "Voluntary" hardly seems like the right word.

Genuinely voluntary guidelines really can work. In the Netherlands, five separate self-regulation mechanisms developed by membership-based umbrella bodies for public charities and private foundations have improved standards of governance and thus accountability right across the sector. But that is not what's being discussed by the EU.

Is government action in this area even necessary? The EU says it is. Why? Because the EU wants to look tough on terrorism by making sure its member countries get positive evaluations from the Financial Action Task Force (FATF), an inter-governmental body which promotes policies against money laundering and terrorist financing. And the non-profit sector is perceived as a weak link, now that the financial sector is improving its defences. But in reality, how likely are non-profits to be used to fund terrorism? Not very likely at all, if we can believe evidence from England and Wales and the Netherlands.

England and Wales arguably has the best legal apparatus for addressing non-profit accountability within the EU. They have a comprehensive independent regulator and registrar for all charities, the Charity Commission, which receives only a handful of cases each year in which they are called on to investigate questionable activity.

In 2009 only 4 out of a total of 11 cases resulted in charges of wrong-doing, all unrelated to terrorism. That's 4 out of 190,000 registered and 100,000 non-registered non-profits in England and Wales. The same seems to be true in the Netherlands. "Good Intentions", a report commissioned by the Ministry of Justice in 2007, found no evidence of any influence of terrorists in the sector.

And how can voluntary guidelines be harmful to the sector? In the US, the so-called voluntary guidelines resulted in many smaller philanthropic organisations curtailing overseas grantmaking because they did not have the capacity to comply with them. At an EU meeting on this last year, a representative from Sweden connected this observation to counter-terrorism: The Swedish government relies in part on Swedish civil society to strengthen democracy, to strengthen solidarity between cultures, to address the inequity that is often at the root of alienation and radicalism – in short, to combat the circumstances that can underlie terrorism. In the same way, Dutch development cooperation subsidies allocated to non-profits require a focus on very poor, post-conflict states, generally with weak civil societies that are commonly understood to be hotbeds of terrorist activities, such as Yemen, Sudan and Afghanistan. Sixty percent of the subsidies have to be used in these types of states by 2015.

Genuinely voluntary guidelines really can work. In the Netherlands, five separate self-regulation mechanisms developed by membership-based umbrella bodies for public charities and private foundations have improved standards of governance...

In other words, the Dutch Ministry of Foreign Affairs is giving Dutch taxpayer money to Dutch non-profit organisations to counter terrorism – the very same organisations that the Dutch Ministry of Justice considers to be "at risk" of promoting terrorism, because of lack of oversight from… the Dutch government.

What is my alternative to the EU's ill-conceived plan? First, take a lesson from England and Wales. The model of a comprehensive, independent commission seems to provide an appropriate governance home for the non-profit sector. And second, take a lesson from Sweden, which has no special non-profit law or pseudo-voluntary guidelines. Criminal activity is dealt with through criminal law, and no one sector is unfairly singled out as more at risk than any other. We simply don't need the EU's proposed guidelines to investigate the handful of non-profit organisations that might be conduits to terrorism. We've got criminal law for that.

www.bernardvanleer.org

Mike Smith

UN opens talks to keep the financers of terrorism away from the non-profit sector

By Mike Smith, Assistant Secretary-General of the United Nations and Head of the Counter-Terrorism Committee Executive Directorate

The United Nations, governments, the private sector and civil society all have a part to play in countering terrorism. One way to deal with this crime is to block the funding of terrorist operations.

Terrorists and terrorist organisations need money, sometimes small amounts, to carry out their plans in their countries or abroad. They collect funds through legal and illegal means, transferring them to their operatives using multiple channels. Weaknesses in governmental and non-governmental institutions are exploited whenever possible to reach the goal of terrorising society. The intent is criminal; the result is devastating. Standing firmly against this danger is a united international community, committed to stopping individuals and groups in their relentless pursuit of terror.

Fighting terrorism is a team effort. Thirty international entities within the United Nations system and beyond are members of the UN Counter-Terrorism Implementation Task Force (CTITF), established in 2005 to enhance coordination and coherence in combating terrorism. Each member, including the Executive Directorate of the Security Council's Counter-Terrorism Committee (CTED), contributes according to its area of expertise in civil aviation and maritime security, customs, border control, criminal justice, human rights, law enforcement, and more. We work closely with state and non-state actors to respond more effectively to the threat posed by terrorism.

When it comes to tightening control over the financial sector, results vary from one country and region to the next. The same is true for protecting the non-profit sector from abuse for the purpose of financing terrorism.

Although cases of abuse of the non-profit sector are not the norm, the threat needs to be taken seriously. One case is enough to damage the reputation of a non-profit organisation (NPO) and the relationship with donors and potential backers, thus affecting its ability to deliver valuable services to its beneficiaries.

Seeking to better understand the risks and come up with possible solutions, NPOs, regulators, government officials and representatives of international and regional organisations gathered in London in January 2011 to brainstorm the challenge. The event launched a three-year initiative aimed at collecting good practices and providing guidance on the implementation of international standards to protect NPOs. CTED is leading the initiative on behalf of the CTITF Working Group on Tackling the Financing of Terrorism, in partnership with the Center on Global Counterterrorism Cooperation and the Charity Commission for England and Wales.

Case studies presented at the London event showed various ways in which NPOs are vulnerable to abuse, including their use to raise, transfer and divert funds for terrorist purposes; to provide direct logistical support to terrorists; or to serve as a cover for their operations.

There was broad agreement that states have a key responsibility in protecting the non-profit sector, starting with a frank assessment of risks and vulnerabilities in order to ensure that they do not suffer the reputational risk that could deter donors from funding.

States should regulate the sector without compromising its dynamism or denying individuals their fundamental human rights, notably the right to freedom of association. For their part, NPOs need to take steps to regulate themselves, a process that would help them become stronger and safer.

One of the challenges identified by the experts relates to the diversity of the sector. Organisations face varied levels of risk and vulnerability depending on where and how they operate. Organisations working overseas and moving funds across borders are generally considered to be more at risk than those operating at a purely domestic level.

Participants gathered in London considered methodologies used around the world, in particular efforts to increase the transparency and accountability of the non-profit sector. They also shared a number of regulatory models and practices that could provide guidance to states in implementing tailor-made solutions.

For the next three years several regional events are planned with a view to develop unique perspectives on how to successfully address the financing of terrorism as it relates to the non-profit sector. The findings and recommendations of the London meeting and future events will eventually feed into capacity-building efforts on a global basis.

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www.un.org/en/sc/ctc

Where are we on VAT?

Effect interviewed John Hemming, Head of Tax at the Wellcome Trust and Chairman of the Charity Tax Group (CTG), about the current VAT reform process in Europe and how this will affect foundations.

Effect: Why do you think the European Commission decided to review the VAT system in general?

John Hemming: The Commission's "Green Paper on the future of VAT", which announced the public consultation on the issue (1 December 2010 to 31 May 2011), observes that the approach followed in the last decade has been to simplify and modernise the current VAT system by increments. It suggests that this has produced positive results, but that this process has reached the limit of what it can achieve. The VAT system is now quite old and was not originally designed to function in the way it does now – it has grown out of all proportion and has come a long way from the underlying intentions. Our hope is that the consultation will lead to an improvement in the VAT position of charities and foundations but, crucially, we must ensure that the modernisation process does not harm them further.

What is your initial take on the Green Paper?

We were generally quite disappointed by the content of the Green Paper. The UK Charity Tax Group has worked with the other members of ECCVAT (the European Charities' Committee for VAT) – including the EFC and DAFNE – on looking at the implications of the Green Paper. All of us were concerned at its lack of reference to charities. There are also a number of worrying references to removing vital exemptions without considering the impact on charities and their beneficiaries. CTG has recently conducted a comprehensive study, the Charity Tax Map, which assesses in detail the impact of taxation on UK charities. It demonstrates how important these exemptions and reliefs are to charities, especially in the UK, and we would vigorously oppose any attempt to remove them without an adequate replacement. On the more positive side, the Charity Tax Map suggests that tax systems need to be simplified and administration costs reduced, and so the proposals in the Green Paper to reduce red tape in the VAT system are very welcome.

In the context of the Green Paper, the issue of public procurement and the related VAT implications for charities across the Member States are very important. Increasingly charities are providing services but do not benefit from the VAT reimbursements that some Member States give to their public bodies. This is clearly anomalous and potentially distorts competition between different types of provider. We were therefore surprised that the Green Paper was launched before the Copenhagen Economics study on the taxation of public bodies, which was done for the European Commission, had been finalised, and we feel strongly that this current consultation cannot be properly considered until the findings of that study have been digested.

Additionally, we feel that the Green Paper paid inadequate attention to how the proposals could realistically be achieved given that tax matters require unanimity in the Council of Ministers.

Do you think that the current VAT rules are acceptable for public benefit foundations and if not, why not?

In its current form, the VAT system creates a series of problems for public benefit foundations. They incur irrecoverable VAT costs, since they often provide services that are either exempt under EU law, or are outside of the scope of VAT, because they do not charge for their services. Like the wider charity sector, public benefit foundations are treated as though they are the final consumer, even though they are not. In short, the present system is unsatisfactory.

How does the current VAT system affect your own organisation, the Wellcome Trust?

Like all charities, Wellcome faces a very large irrecoverable VAT bill – money which would be better spent on furthering our core charitable objectives. Not only does the VAT system cost a lot of money, it also takes a considerable amount of time to calculate what the liability is and again we would rather spend that time on our charitable work.

What could be done to overcome these problems?

The members of the ECCVAT have identified a number of possible solutions to address these problems, some of which suit different types of charitable organisation better than others. The only solution that works for all charities and foundations would be the introduction of a mandatory European VAT refund scheme. The economic situation means that this option is not likely to appeal to all Member States and, as mentioned above, tax decisions require unanimity in the Council of Ministers. ECCVAT, as well as its individual members, will participate in the consultation and will react to the findings of the Copenhagen Economics study. We must continue to highlight this problem and work with the Commission to identify ways of overcoming it.

ECCVAT, CTG and EFC have issued a joint information note on "How to improve the VAT system for public-benefit foundations", which can be downloaded at: www.efc.be/legal (subsection "VAT issues")

www.eccvat.org , www.charitytax.info
www.wellcome.ac.uk

Making it work together

Matching public and private funds for education

By Stefan Stolte, Head of HR and Legal Issues, Stifterverband für die Deutsche Wissenschaft

Stefan Stolte

In Germany the funding of education and research is viewed by universities and society as the responsibility of the government. This attitude plays a large role in the degree to which universities engage — or do not engage — in private fundraising.

At the same time, it is increasingly recognised that public and private efforts can go hand in hand in supporting scientific research and education.

Following successful examples of matching funds schemes in Europe (UK, Norway) as well as in the US and Canada, the German federal government started the "Deutschlandstipendium" this year as a nationwide initiative to establish a new culture of giving for higher education. To date there have been indeed a very limited number of privately financed scholarships in Germany, with only 63,000 university students – about 3 percent – currently benefitting from a scholarship, of which a high proportion comes from publicly financed institutions.

In the first year, up to 10,000 talented students will benefit from the "Deutschlandstipendium" programme and will receive a monthly scholarship of 300 euros. In the long run (8 to 10 years), this number will grow to 160,000 students, so that, with other scholarship schemes that already exist included, every 10th student can better concentrate on his or her studies by having more financial security.

German universities are now looking to partner with companies, foundations and alumni in this programme. Every private euro raised by universities in the context of this scholarship programme is being matched by the federal government. Universities play a key role in the success of this programme, not only as fundraisers but also because they – in cooperation with their private donors – define the criteria and organise the process of selecting students who benefit from a scholarship. Students are selected primarily for talent and performance, but the students' social commitment, and financial background, among other factors, are also taken into account.

This programme can have several positive side effects. First, it may strengthen bonds between universities and local businesses, foundations and alumni. Second, it encourages universities to professionalise their fundraising activities and to establish a culture of asking, which in most German universities is still underdeveloped. The matching funds programme also takes into consideration that many universities still need to build up the infrastructure for successful fundraising, and thus it provides some financial resources.

Critics argue that the "Deutschlandstipendium" programme may also entail negative effects – private companies acting as donors might prefer to finance students of only a limited range of disciplines, primarily including economics, and natural and engineering sciences, but presumably excluding arts and humanities. Foundations can play an important role here. Unlike many private companies, foundations often do not regard stipends as instruments of HR recruitment but as a way to promote university education as a whole; to improve access of young people from socially or educationally disadvantaged backgrounds to higher education; or even to strengthen exactly those disciplines that are in danger of being neglected by profit-oriented funders. Experience with a smaller scale predecessor of "Deutschlandstipendium" shows that this is not just wishful thinking – when a similar matching funds scheme was started in North Rhine-Westphalia, most scholarships were financed by private foundations (43%) resulting in a very balanced allocation of funds to different fields of university education.

And last but not least foundations that often have to operate within a limited budget can take advantage of the federal matching funds to further increase the breadth and impact of their activities. Stifterverband strongly supports the "Deutschlandstipendium" programme because we see it as a great opportunity to activate and mobilise more private and philanthropic funds for university education resulting in many positive effects for universities, private donors and, most important, a growing number of students.

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www.stifterverband.de

Leaders tackle issues facing global philanthropy

By Gail McClure, Project Manager, Global Philanthropy Leadership Initiative

Gail McClure

Philanthropy leaders from across the world are joining together to advance global grantmaking by identifying legal barriers to international grantmaking; examining ways to boost collaboration; and working towards better positioning philanthropy as a valued partner to multilateral and bilateral organisations in tackling the globe's development issues.

Participants in this Global Philanthropy Leadership Initiative (GPLI) recognise that these are all challenges that none of them can face alone. Launched in Rome in June 2009, GPLI has evolved into a 2-year collaborative, running from September 2010 to December 2012, to develop a set of strategies and recommendations to improve the practice and impact of philanthropy in a global context. The initiative is a joint venture among three major umbrella organisations, the Council on Foundations (COF), the EFC and WINGS (Worldwide Initiatives for Grantmaker Support).

Participants in this Global Philanthropy Leadership Initiative (GPLI) recognise that these are all challenges that none of them can face alone.

"GPLI seeks to identify and advance those issues that challenge or hinder organised philanthropy in a global context," notes Gerry Salole, EFC Chief Executive. "GPLI convenes a cross-section of individual leaders from philanthropy who are engaged in direct grantmaking on a global scale."

The initiative builds on the valued traditions of WINGS in bringing together global voices to support the development and capacity building of philanthropy across the globe. And it is organised through the professional support of the EFC and COF, reflecting the current needs and interest of their members to provide leadership addressing current barriers to grantmaking in a global context. Currently GPLI Task Force members are foundation leaders, as opposed to association leaders, engaged in global grantmaking. WINGS, as a network of philanthropy associations and support organisations from across the globe, provides necessary context and perspective while playing an important communications role towards the broader philanthropic sector.

The initial phase of the work will focus on identifying and pursuing specific actions in the following areas:

1. Exploring the legal and regulatory barriers to cross-border giving and developing a joint strategy for reducing them.
2. Looking at the roles, responsibilities and capacities of existing institutions to support a range of collaborative models and approaches and encourage more effective collaboration.
3. Proactively positioning philanthropy as a valued development partner, particularly as it relates to relationships with multi- and bilateral development organisations. A secondary goal will be to help inform support organisations as they consider and redefine their roles related to cross-border giving in a global context.

Overall leadership for the GPLI resides with its co-chairs: Emílio Rui Vilar, President of the Board of Trustees of Fundação Calouste Gulbenkian; and Bill White, President and CEO of the Charles Stewart Mott Foundation. Co-conveners/hosts include Steve Gunderson, President and CEO of COF; the EFC's Gerry Salole; and Helena Monteiro, Executive Director of WINGS. Project Manager Gail McClure reports to the EFC and COF and coordinates matters with WINGS. This group administers the initiative as it conducts research and analysis, and identifies recommendations and protocols to improve practice.

One major conclusion from the first task force meeting in Brussels in November 2010 was the importance of WINGS as a support organisation for global philanthropy organisations, especially the many different philanthropic associations around the world. WINGS is in the process of reorganising and establishing a permanent base in Sao Paolo, Brazil. "By partnering with two of the largest members in our network on GPLI, we believe it will strengthen WINGS as a global network of associations and support organisations," says Fernando Rossetti, Board Chair of WINGS.

Speaking about COF's role, Steve Gunderson says, "Our purpose is to provide direct leadership – rather than capacity building support – to issues impacting organised philanthropy engaged in global grantmaking. Therefore, we recognise that new challenges and issues will emerge during the time period of this initiative. COF looks forward to the partnership with EFC and WINGS and to the adventure that lies ahead."

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www.efc.be
www.cof.org
www.wingsweb.org

New directions for WINGS

By Helena Monteiro, Executive Director, WINGS (Worldwide Initiatives for Grantmaker Support)

Helena Monteiro

For the past ten years, WINGS has fostered a worldwide network of grantmaker associations and support organisations serving philanthropy. Through peer learning events, information sharing, and regular WINGSForum conferences, we have worked to build the institutional capacity of our network members and strengthen the practice of philanthropy. Today, the network is a genuinely global one, comprising 144 participants from 54 countries around the world, representing an impressive collection of knowledge on global philanthropy.

However, despite our many achievements, much remains to be done with respect to building a global infrastructure for philanthropy. New technologies, new leaders, and new money are sparking fundamental changes in the field of philanthropy. Managing complex interventions and articulating several sectors, players, and interests constitute an ongoing challenge for grantmakers.

The current environment places a greater demand on the network to act as a global forum to address concerns regarding grantmaking in a worldwide context. In response to this new scenario, we are engaging in a process to reposition the organisation and to strengthen its institutional capacity to be an advocate, information broker, convener and advisor to grantmaking associations and support organisations serving philanthropy around the globe.

In addition to building on past results and accumulated knowledge, new strategic partnerships and collaborative efforts are on the way for 2011:

- WINGS and the Foundation Center have agreed to work on a joint project to collate data about grantmakers on a global scale. While the Foundation Center is a leading source of information about philanthropy, our global network of grantmaker associations make us ideally placed to collect data from members around the globe.
- In partnership with the Council on Foundations and the EFC, we are involved in the Global Philanthropy Leadership Initiative (GPLI), a two-year effort to address current challenges to grantmaking in a global context. We aim to play a key role in bringing together global voices to this initiative.
- The partnership with GIFE in Brazil, the home of our new secretariat, is offering tremendous support to WINGS, not only in terms of back-office structures and office space, but also in terms of increasing our visibility in the Latin American region.

Another priority to work on is our long-term sustainability. With fewer donors willing to support philanthropic infrastructure, we need to re-structure the way we operate and diversify our funding sources. Based on previous member consultations, studies, and discussions WINGS is introducing in 2011 a voluntary membership contribution. For 2012, we will develop and implement new membership criteria and dues which are clear and inclusive, recognising the different conditions and income levels of our members and the diversity needed to build a membership structure that is relevant to a global philanthropy network.

All of these efforts will be made from our new home base. Not only did 2011 see our network being incorporated as a not-for-profit public charity in the US, it also saw our secretariat being permanently relocated to Sao Paulo, Brazil – a significant change from our former policy of rotating our secretariat every four years. We are very grateful to GIFE for its continuing support in making the transition of the secretariat to Sao Paulo successful and for the confidence it has placed in the new direction WINGS has articulated.

This is quite a milestone for our network. Not only were we able to move forward from a rotating secretariat to creating roots in a more permanent location, but we also decided to create these roots in the Global South. This certainly means new opportunities for Southern-led initiatives across countries and regions and also for South-South cooperation.

This spring we will develop a new strategic plan for the network, expressing WINGS' new commitment to global philanthropy.

www.wingsweb.org

DAFNE goes to Moscow

Early this year DAFNE (Donors and Foundation Networks in Europe) gathered in Moscow, hosted by the Russian Donors' Forum. For the first time a number of meetings with national officials were organised prior to the actual DAFNE meeting to get to know the foundation sector in Russia better and share the experiences of the sector in different countries. The Vladimir Potanin Foundation hosted a meeting with the Ministry of Justice's department on NGOs, and other meetings were held with the NGO Committee at the National Parliament (Duma) and with representatives of the Ministry of Foreign Affairs.

www.dafne-online.eu

Public-private partnership to open historical city centre to all

By Marianne Kofoed, Realdania; Torben Svanberg, the Bevica Foundation; Gert Olsen, The Labour Market Holiday Fund; and Kåre Jørgensen, Viborg Municipality

The accessibility of historical buildings and city spaces must be improved, not only for people with disabilities, but for everyone. This is the focus of the joint European initiative, the League of Historical Accessible Cities, under the aegis of the EFC. To date, nine foundations and six cities from five countries are participating in the project. The Danish contribution is backed by a partnership of four Danish foundations and a municipality who have joined forces to open the centre of the historic city of Viborg, and to show how an active and accessible cultural heritage can create growth and increase tourism in historic cities.

The working group visits Viborg's Latinerhaven, one of the historical parks in the city centre.

Uneven cobblestones, stairways, and narrow sidewalks and doors constitute some of the physical challenges to be met when people want to visit a historical city centre, a church, or a museum in an old building.

Such cultural and historical resources ought to be available to us all. However, to the elderly or to those with walking impairments or disabilities, physical barriers and inadequate set-ups can prevent them from even visiting the landmark at all.

So how is it possible to make historical city centres and buildings more accessible without compromising our cultural heritage? How do we turn our cultural heritage into an active resource from which we can all benefit? These are the issues the project aims to tackle.

A strong public-private partnership

The Danish contribution consists of a public-private partnership among four foundations and one municipality, who have come together with a shared vision – opening the centre of the historic city of Viborg and using this project to create new standards and methods for working with accessibility, both through physical initiatives and communication.

The project is backed by Realdania, The Labour Market Holiday Fund, the Bevica Foundation, The Danish Disability Foundation and the Municipality of Viborg. The four foundations met in 2010 and committed financially to realising this shared vision, and the partners hope that the results will be applied to other cities, both in Denmark and the rest of Europe. This is why inspiration, communication and discussion of accessibility are also integral parts of the project, which, like other contributions to the League of Historical Accessible Cities, is to be widely publicised through a shared European website, among other channels.

The foundations invited three Danish cities to participate in a competition to become "the accessibility city". The cities were asked to agree to co-finance the project, and the city centres were analysed in terms of their urban spaces, stakeholders and local accessibility policy.

Setting a good example

All three cities showed great interest, but eventually Viborg was chosen. One of Denmark's oldest cities, Viborg is enthroned on the top of a ridge and enjoys a magnificent and varied view of nature and a ribbon of lakes. In several of the city centre streets the cobblestones have been

The two steeples of the town's cathedral tower above the many well-preserved buildings in the city centre.

preserved and the old buildings are maintained with great care.

The city features both beauty, authenticity and a unique history, but at the same time, urban life resembles that of many other Danish cities. Notable historical buildings rub shoulders with the everyday life of the pedestrian zones – the potential of this encounter, however, is not allowed to blossom fully, and tourists do not enjoy multiple and various interlinked experiences. Finally, narrow sidewalks, cobblestones and stairways conspire to make it difficult for those with walking impairments and the elderly to make their way around. Thus Viborg is at once both quite special and completely normal, which is why deploying the project in this city will set a great example. The final phase of implementation of the project in Viborg is set to begin in spring 2012.

Accessible cities – A benefit to all

Specifically the project will encompass both physical improvements and exploration of the ways in which the history of the city is told. A new "itinerary of accessibility" will lead residents and tourists through streets, urban spaces, and tourist attractions and into Viborg's beautiful verdant backyards. Thus the history and commercial life of the city are woven together, bringing Viborg's many forgotten stories to light and making them accessible, benefitting residents as well as tourists, whether or not they experience impairments. Improving pavements and establishing curb ramps can facilitate mobility, while sound, light and digital solutions can communicate the history of the city in new ways.

This holistic solution makes a lot of sense. First of all, an active and accessible cultural heritage makes the historical city more dynamic, rendering it more attractive to residents, tourists and businesses. Even more important, however, the increased accessibility means that cultural heritage does not just remain a resource for some. Finally it can be a resource for all.

Viborg's location on a steep incline is a tangible and exciting challenge to accessibility.

Project partners: Realdania, www.realdania.dk; The Bevica Foundation, www.bevica.dk; The Labour Market Holiday Fund (Arbejdsmarkedets Feriefond), www.aff.dk; The Danish Disability Foundation, www.vanfoerefonden.dk; and The Municipality of Viborg, www.viborg.dk

About the EFC League of Historical Accessible Cities

Aims of the project

The EFC League of Historical Accessible Cities project, an initiative of the Centre's Disability Interest Group, aims to improve the accessibility of historical towns and promote sustainable tourism development, bringing added value from the foundation sector. Our aim is to find innovative ways to reconcile cultural heritage protection and accessibility. Our goal is not only to improve accessibility of historical towns for people with disabilities so that they and their families can enjoy a full day of leisure, but also to raise awareness and develop projects that can serve as inspiration for other foundations and local authorities.

Foundations and cities involved

The project will be simultaneously implemented by a group of foundations in countries across Europe, each of them in partnership with the local authorities of the historical town of their choice. So far, Fondazione Banca Monte di Lucca will work with Lucca, Italy; Fondazione CRT with Ancona, Itlay; Fondation Réunica with Mulhouse, France; and Fundación ONCE with Avila, Spain, which was the first-ever winner of the European Commission Award for Accessible Cities.

How it works

A concrete pilot project will be developed in each member town, consisting of an accessible tourist route of approximately one kilometre, which is feasible for people with reduced mobility, in the historical city centre. This route will include some interesting buildings, museums, parks, restaurants, shops, hotels and city tourism information centres, all in an effort to stimulate tourism among the 80 million people with disabilities living in Europe.

The project will apply for the European Commission Award for a European Accessibility Initiative and produce a best practice guide showcasing each individual project. A common methodology has been agreed, but the way in which each individual country is implementing and participating in the project varies enormously, bringing richness and depth to the initiative. The project is at an initial stage and is looking to increase the number of participants to be as geographically representative as possible.

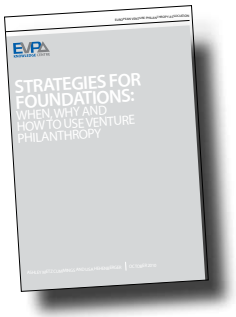
www.efc.be/dig

After EFFECTS

A selection of recent publications relevant to foundations

Strategies for Foundations: When, why and how to use Venture Philanthropy

In this report, the authors identify six strategies of foundations engaging in venture philanthropy and explain them through case studies of four foundations based in four European countries. They find a spectrum of engagement models for foundations and describe how the same foundation may employ various strategies to fit their individual needs and goals. To the featured foundations, venture philanthropy serves as a valuable complement to existing practices.



In the preface of the report, Gerry Salole, EFC Chief Executive, and Serge Raicher, EVPA Chairman, note that, "Venture philanthropy is a tool in the global toolbox for foundations; it is not intended or expected to revolutionise philanthropy, but can serve as a worthy model for some foundations. The manner in which venture philanthropy considers an entire organisation with a long-term view is particularly impressive. This more holistic approach effectively builds stronger, more sustainable organisations."

Ashley Metz Cummings and Lisa Hehenberger, EVPA 2010, 59 pages
www.evpa.eu.com

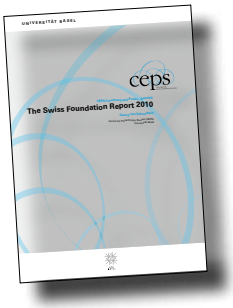
(Dis) Enabling the Public Sphere: Civil Society Regulation in Africa (Volume 1)

The 18 country chapters in this collection – with a focus on Southern and East Africa – were published as a response to the increasing threats to democratic space on the continent, in particular that occupied by citizens and their groups. The book aims to meet the need to fully comprehend the public sphere in Africa and the regulatory environment under which civil society operates. The volume investigates relations that have developed between states and their citizens, and interrogates the role that civil society groups have played in the democratisation and governance of Africa's public sphere.

First, the book argues that the emergence of the restrictive environment for civil society needs to be located within a broader process involving colonialism, post-independence and contemporary state formation and the deliberative functions of the public sphere. Second, the book gives an outline of laws and instruments that infringe on fundamental rights including those of association, assembly, protest and expression. Third, the book examines the processes that were followed in the legislation process (whether it was consultative or just state-driven). Finally the book critically unpacks how these laws and stringent instruments impact fundamental rights.

Bhekinkosi Moyo, Editor, Trust Africa and Southern Africa Trust 2010, 429 pages
www.trustafrica.org

The Swiss Foundation Report 2010



The annual Swiss Foundation Report presents up-to-date facts, figures and trends of the Swiss foundation system, and is published online. It aims to contribute to expanding the fundamental knowledge about the country's foundation system. The report discusses the significant decline in foundation creation in 2009, due to the financial crisis. It does note, however, that the level of private donations remained steady during this period. The publication includes interesting tables and charts on growth in the Swiss sector over the past 15 years, as well as main focus areas of foundations. Discussions on issues and trends in the sector are also included, along with an interesting graphical analysis of the philanthropic infrastructure in the country.

Georg von Schnurbein, Centre for Philanthropy Studies (CEPS) Universität Basel 2010, 16 pages
www.mercatorfund.net

Alliance magazine - March 2011

Focus on… When does collaboration make sense?

"Collaboration" has become a buzzword among foundations recently, and the consensus is that it is a good thing. But when it comes to the reality of working together, there are many approaches that could be taken. Is collaboration the best way in every circumstance, and what steps should be taken to ensure that it works as intended and isn't too much of a drain on resources? To identify the proper role of collaboration, guest editor Barry Knight starts from a sceptical point of view.

The feature starts with Jeff Yost and Richard Best making the case for and against collaboration respectively. Yost suggests that pooling resources is essential for large-scale impact, while Best argues that going it alone forces a foundation to take greater responsibility. Filiz Bikmen summarises some recent reports on the subject, and Göran Blomqvist responds to a recent report from FSG Social Impact Advisors.

A series of articles recount first-hand experiences from people involved in collaboratives around the world, detailing their reasons for getting involved, their achievements and the difficulties faced. Andrés Thompson and Briggs Bomba write about being part of fledgling groups in Brazil and Zimbabwe respectively; further down the line, Walter Veirs reflects on the Youth Empowerment Partnership Programme (YEPP) as it nears its tenth anniversary; and Jean Oelwang considers why putting together the group of funders/supporters for the Elders was such a smooth process. Pier Mario Vello talks about his experience of the Italian collaborative Fondazioni4Africa; Juliet Prager, drawing on the experience of EPIM, assesses the need to think differently when working with others; and Sarah Johnson describes Ashoka's "venture collaborative entrepreneurship" approach.

The March issue of Alliance also includes an article by Helmut Anheier on some "nagging issues" for European foundations, in which he asks why European foundations are failing to take the opportunities to engage and achieve impact that are presented by today's Europe, with a response from Luc Tayart de Borms and Gerry Salole. The magazine also contains further opinion pieces, reviews, conference reports and global updates.

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