

Research Priorities: Research Agenda: Part II

A key objective of the EFC European Union Research Task Force is to promote better knowledge and visibility of foundations and their activities in Europe. The Task Force has drawn up a “Research Agenda”, which aims to serve as a road map to identify a series of research topics that should be addressed and key data to collect on the foundation community.

Part two of the Research Agenda aims to document Foundations’ Frameworks & Impact by developing some Information Notes. The objective is to provide some generic answers on a selected number of priority areas of information for which qualitative data (rather than hard data) would be compiled, identifying trends and patterns, where possible.

Five information notes are currently available on the EFC website about foundations’ investment and income, cooperation among foundations, foundations cooperation with corporations, and with public authorities and foundations’ founders– see foundations’ practices and operating frameworks: <http://www.efc.be/projects/eu/research/default.htm>

The issue of foundations’ cooperation with other non-profit organisations was raised amongst Research Task Force members at the meeting of February 2006, as an area on which further information should be gathered. It was agreed that the compilation of such information would start with the identification of resources available in the field (studies, projects etc.) and selected publications.

Foundations cooperation with non-profit organisations

Do foundations cooperation with other non-profit organisations? - Why and how do they cooperate?

This short information note presents available data on foundations’ cooperation with non-profit organisations, looking at cooperation dynamics and working partnerships, as well as selected online and documentary resources. The note is structured as follows:

1. Foundations and other non-profit organisations (NPOS): a quick definition

Non-profit organisations (NPOS) vary in mission, status, origin, structure, and funding arrangements. They can have:

- ✓ an advocacy or “expressive” function (human rights; cultural expression, community organising, environmental protection);
- ✓ a service delivery or provision function to provide their members of clients services such as health care, social, training & education services, information or support;
- ✓ a mutual aid or self-help function - typically formed by groups of individuals with some common interest or need in order to provide mutual help, support and cooperation; and
- ✓ a resource or coordination function – those NPOs - known as intermediary bodies - coordinate the activities of or provide information and support to organisations working in a particular field or to the third sector in general.

NPOs however share common features: they are private, self-governed, non-profit distributing bodies and must be active to some degree in the public arena; while their activity must be aimed at least in part at contributing to the public good.

Public benefit foundations can be defined, as separately-constituted non-profit bodies with their own established and reliable source of income (usually, but not exclusively) from an endowment or capital. These bodies have their own governing board. They distribute their financial resources for educational, cultural, religious, social or other public benefit purposes, either by supporting associations, charities, educational institutions or individuals, or by operating their own programmes

2. From grant-making to collaboration: a range of cooperation schemes

There can be various forms of cooperation, between foundations and NPOs depending on partners' key function(s) as well as the way both the partners involved manage their relation. They can range from funding arrangement to wider cooperative schemes as follows

⇒ Grant making

The most usual type of relation is a grantor grantee relation, where local, national or international NPOs receive grants from foundations to finance specific limited duration projects initiated by these NPOs.

The overall contribution of foundations to NPOs income should not however be over estimated. A 2003 global survey of civil Society in 32 countries indicates that private philanthropy (including foundations, as well as individual and corporate donors) accounts for 12% of NPOs total revenue¹ against 35% from government; 53% from fees. NPOs revenue structure varies considerably among countries, while public authorities support is higher in some West European countries (over 60% in Ireland; Belgium, and Germany), philanthropy is more prominent in some new Member States (26% in Romania, 23 % in Slovakia; 18% in Hungary). The survey also underlines that philanthropic/ private giving is the largest income source in two areas, namely international work and religion, and very significant in supporting civic/advocacy work and the environment (56%).

The EFC has developed a series of European grant making guidelines to document good practice in fields such as and [Disaster Grant making](#) (2001) [Funding Vocational Training and Employment for People with Disabilities](#) (2203).

On the grant seeking side, in an effort to assist its members in receiving more targeted, relevant applications for grants, the EFC has produced a brief guide for grant seekers "advice to grant seekers" on how to approach foundations and corporate funders for support. www.efc.be/ftp/public/Library/ForGrantseekers/AdviceToGrantseekersAugust2005.pdf (121 kb). Indeed, a high number of funding requests, estimated at 90 percent, are declined immediately because they fall outside a funder's stated interest areas or because they are inadequately prepared and do not reflect an organisation's strengths and its ability to carry out a proposal's objectives. The "Advice to Grant seekers" document aims to facilitate access to funding information. The funding research process is time consuming and involves hard work. Research is only one of the many steps of this process. Although good research does not immediately guarantee successful fundraising, it is a worthwhile investment as it will certainly contribute to building successful and lengthy relationships with foundations.

⇒ Funding core costs

Core costs - the costs of running an organisation are essential, long-term and too often hardly attractive to funders. However, there has been a movement from some foundations to provide core cost funding, either by providing the full project funding (including staff time and office cost related to the project) by offering development funding (funding professional development); or by giving strategic funding to the organisation.² It can cover capacity building support, or investing in non-profit effectiveness.

¹ Source: L. M. Salamon, S. Wojciech Sokolowski, R. List, in *Global Civil Society, an Overview*, The John Hopkins Comparative Nonprofit Sector Project, pp. 29-30, figures 9-10, ed. The John Hopkins University, 2003.

² Source: Association of Chief Executives of Voluntary Organisations (ACEVO) 2002

Indeed, a key argument to fund core costs is that the best way a foundation can effect change is by funding the core costs of an organisation whose work meets the foundations' objectives. What are the benefits of core funding for the founder? It gives the foundation an opportunity to get to know its grantee well over a period of time, help gain a deeper understanding, and be confident about its impact or assess where funding would be more effective.

⇒ **Social investment**

Social investment can take various forms: making loans, providing micro-credit, taking equity, offering loan guarantees, quasi-equity, and is sometime referred to as Programme-Related-Investments (PRIs). It also includes socially responsible investment (SRI) where investments are made from capital with the primary aim of producing income or appreciation with positive or negative screens used to help select appropriate investment vehicles. It can also cover share-holder actions to encourage more responsible business practice.

The EFC has identified in a preliminary survey³ conducted in 2006 some 65 foundations and corporate funders in 17 European countries employing one or another form of social investments.

Foundations engage in programme-related –investments to support NPOs, for the following reasons:

- ✓ It increases foundations' impact, i.e. they achieve more with the same amount of money
- ✓ They believe that it helps develop stricter financial and management disciplines and can help NPOs build financial and human capital, or develop an income generating venture.
- ✓ On the other side it can help NPOs by offering pre funding; working or development capital, maintain liquidity or providing leverage through loans guarantees enabling the NPOs to access greater sums or better conditions from mainstream credit institutions.

⇒ **NGO contracting**

In some cases foundations can request and fund the development and implementation of a specific project by other local and international non-profit organisations.

So overall, foundations funding practices can offer a varied set of opportunities for NPOs in a wide range of areas, bearing in mind that

- ✓ Foundations operate and fund according to the public benefit mission for which they were set up. This can set some restrictions concerning the field (culture, social affairs, health, local development etc.), as well sometimes as to the geographical scope (local ; national, international) or the beneficiaries (organisations or individuals) the foundation can support;
- ✓ There is unavoidable tension arising from the amount of resources that a foundation is able or willing to allocate and the scale of the needs of NPOs.

Cooperation can also take a more formalised and integrated approach on a short-term project basis or a longer–collaborative scheme as follows:

⇒ **Project partnerships⁴**

Foundations and NPOs can be partners in the design and delivery of a project or in matching their resources. NPOs can be attractive partners for foundations because they are easily approachable, relatively flexible, and usually less bureaucratic than public partners. They have local knowledge and grass-roots hands-on expertise in their respective communities and sectors of operation or can reach out to specific population groups, which they represent or serve e.g. young people, older people, minorities, disadvantage groups etc.

³ Foundations and Social Investment in Europe, Margaret Bolton, EFC Social Investment Group Brussels 2006

⁴ Source: Building donor partnerships / Terrice Bassler, Mabel Wisse Smit. - New York : Open Society Institute, 1997.

⇒ **NPO collaboration**

The foundations can be involved in NPO working alliances which address NPO sector issues or coordinate NPO efforts. This type of cooperation can be found in advocacy efforts at national and at EU level to mobilise a voice or a concerted role of the non-profit sector. Coalitions building are also developed in specific fields e.g. in the social sector at the national level between foundations and NPOs to have a greater say and role for example in the management and disbursement of EU structural funds for social cohesion and regional development.

Project partnerships and collaboration can be of interest for grant-making as well as for operating foundations that do not give grant to external parties, but can run or join collaborative ventures.

These types of partnership are usually formed to respond to a need, to fill a gap where other actors - private or public – may not be able yet or willing to act. For example, they may deliver training, credit opportunities in specific localities, or provide emergency relief. The partnership is usually dissolved when its objectives have been met.

When entering into partnership with NPOs, foundations will have to consider a series of factors, among which the governance, staff, resources of the partner NPO(s), to whom is it accountable, is it open to a broader alliance with other partners etc.

Opportunities for partnership with NPOs lie in the areas where their defined priorities overlap with those of foundations. The partnership should be clearly determined; activities should be jointly determined and acknowledge mutual needs, priorities and potentials.

3. Finding the right partners

As mentioned, NPOs are attractive partners because of their structure, expertise, outreach and implementation capacity. Given the wide variety and numbers of NPOs, it is important to assess whether an NPO partner is reliable or not. There are millions of NPOs in Europe for only over 60,000 public benefit foundations⁵

The database “Giving in Europe” www.givingineurope.org developed by the King Baudouin Foundation provides an overview of the non-profit sector in Europe (see section “Beneficiaries across Europe”) and short country profiles that describe the operating environment for NPOs and provide links to national databases with potential beneficiaries.

The European Foundation Centre’s web portal www.fundersonline.org provides links to the websites of hundreds of independent funders based or active in Europe and contains profiles on foundations, searchable online.

Foundations need to examine various factors before engaging in cooperation with an NPO. Some relate to the nature of the organisation, others to the nature of the activities in which in the NPO is involved.

One prerequisite in particular as far as grant making is concerned can be to check if the NPOS would qualify as a “public benefit” / public good / charitable NPOs. Some tax regimes in Europe prevent public benefit foundations to fund commercial organisations, or commercial projects undertaken by NPOs, which would jeopardize the tax status of the public benefit foundation.

Information on the legal and tax regimes governing foundations in the EU is available at:

www.efc.be/projects/eu/legal/country_profiles.asp

Similar information on other non-profit organisations (associations, charities etc.) is available at www.ecnl.org

Restrictions can also be found as to the type of activities: e.g. political activities or political affiliations of the NPOs.

⁵ Source: EFC Research Task Force Survey on the Dimensions of the Foundation Sector in the EU 2004.

Other factors to consider in partnering with an NPO will include its governance, resources, staffing, standards, track-record, and impact. Foundations should be careful in their assessment of the NPOs' performance: which should be determined and interpreted within the particular context of the NPO, its environment and the constituencies the NPO aims to serve.

4. Selected bibliography

Most of these publications are available for consultation at the European Foundation Centre Library in Brussels, Belgium. (<http://www.efc.be/projects/orpheus/library.htm>)

Building Successful Collaborations:

A guide to collaboration among non-profit agencies and between non-profit agencies and businesses - Carolyn Parkinson Cambridge & North Dumfries Community Foundation, 2006.

A guide to collaboration among non-profit agencies and between non-profit agencies and businesses includes information about partnerships and collaborations, success factors, conflict areas and solutions and information on working with businesses along with appendices that provides contact information for possible collaboration agreements."

For information: <http://www.efc.be/agenda/event.asp?EventID=4250>

High-engagement philanthropy: a bridge to a more effective social sector: perspectives from nonprofit leaders and high-engagement philanthropists. - Washington, DC: Venture Philanthropy Partners, 2004. - 120 p.

This report is the fourth one in a series produced by Venture Philanthropy Partners (VPP) and Community Wealth Ventures. It presents new research and tools for advancing management practices in the non-profit sector through six dialogues with philanthropists and non-profit leaders who discuss their experiences. Prior reports in this series include: 'Venture philanthropy 2002: advancing nonprofit performance through high-engagement grantmaking', 'Venture philanthropy 2001: the changing landscape' and 'Venture Philanthropy 2000: landscape and expectations'. All of these are available at www.vpppartners.org

www.vpppartners.org/learning/reports/report2004/report2004.pdf

For information: www.vpppartners.org/report2004.html

Learning together: collaborative inquiry among grant makers and grantees / Craig McGarvey. - New York: The Ford Foundation, 2004. - 11 p. - (GrantCraft).

This brief guide proposes the exercise of learning partnership among grantmakers, grantees, and consultant researchers or evaluators. A 'mini-case study' is given as an example of how a grantmaker explored the process of collaborative inquiry. The paper is one in a series by GrantCraft concerning the basics for grantmakers and is sponsored by the Ford Foundation.

For information: www.grantcraft.org/index.cfm?fuseaction=Page.viewPage&pageID=619

For information: www.grantcraft.org

Working with start-ups: grant makers and new organizations. - New York: The Ford Foundation, 2004. - 32 p. - (GrantCraft).

This guide contains the narrative experience of grantmakers who have supported new nonprofits or groups in the processing of establishing themselves. It explains how such bodies negotiated the path from idea to organisation, and the lessons gained concerning how to solve problems and increase sustainability. It includes recommendations for capacity-building resources available online.

For information: www.grantcraft.org/index.cfm?fuseaction=Page.viewPage&pageID=623

For information: www.grantcraft.org

Seeking ngo-donor partnership for greater effectiveness and accountability: final workshop report / Alnoor Ebrahim. - 2004. - 40 p.

This report summarises the discussions which took place during a workshop held on May 12-13, 2004. Organised by the Multilateral Investment Fund (MIF) of the Inter-American Development Bank (IDB), the workshop involved 46 participants. Approximately half of which were representatives of NGOs in Latin America and the Caribbean, one-third were representatives of large donors (IBD but also World Bank and the Ford Foundation) and the remainder were scholars or members of the NGO community in Washington, D.C.

www.kestonereporting.org/files/MIF-NGO%20Workshop%20Report-Final-A.pdf#search=%22partnership%20ngo%20donor%22

“Towards a self-sustaining infrastructure” / Lee Davis, Nicole Etchart In: Alliance Extra. - (March, 2004). – Pages 1-6.

According to the authors, it is time to place greater value on ‘infrastructure’ in the non-profit sector and on those ‘invisible’ organisations that work to build it. These organisations need to be recognised as an essential part of building a healthy and sustainable non-profit sector, which requires a certain amount of financial assistance. A strategic and fair fee-for-service model, supplemented by donor support to ensure wider access, may be at least part of the answer. Such solutions are presented in this publication.

www.allavida.org/alliance/axmar04e.html

“NGO's seat at the donor table: enjoying the food or serving the dinner?” / Ann C. Hudock In : IDS Bulletin. - Vol. 31, No 3 (July, 2000). - Brighton, UK : Institute of Development Studies. This article argues the case for three types of reform that may enable the relationship between NGOs and their official donors to move closer to that predicated on ‘partnership’ - a relational condition that, despite public rhetoric and policy pronouncements, too seldom exists today. Barriers to partnership exist because of, amongst others, donor preference for contracting, cut-backs in their field staff and reporting requirements that orient NGO accountability away from intended beneficiaries. Without substantial reform, the supposed greater presence and capability of NGOs will not translate into structural influence on the mainstream of aid system behaviour. The issue that is dealt with in this publication is based on the premise that unless donor institutions change, NGOs will remain servers rather than diners at the donor dinner table.

For information: www.ids.ac.uk/ids/bookshop/bulletin/bull313.html

“Partnerships between international donors and non-governmental development organizations : opportunities and constraints” / Derick W. Brinkerhoff, Jennifer M. Brinkerhoff In : International Review of Administrative Sciences. - Vol. 70, No 2 (2004). - [s.l.] : International Institute of Administrative Sciences. – Pages 253-270.

This article examines partnerships between international donors and non-governmental development organisations (NGDOs). Following a discussion of partnership’s rationale and presumed benefits, it provides a general overview of selected donors’ partnership experiences and describes four illustrations of donor– NGDO partnership. Opportunities and constraints are identified, and gaps in oratory and practice are illustrated. Identified challenges include constraints related to donor initiated partnerships, addressing the legacy of past relationships, the insufficiency of relying on personal relationships, and the limits of good intentions. The article stresses the importance of recognising the political and economic realities that frame donor– NGDO relationships and condition incentives existing on both sides of the partnership.

For information: <http://ras.sagepub.com/cqi/content/abstract/70/2/253>

Building donor partnerships / Terrice Bassler, Mabel Wisse Smit. - New York : Open Society Institute, 1997. - 48 p.

This practical handbook was developed from the results of workshops, discussions and visits to national foundations within the Soros Foundation network. Aimed at increasing the practical capacity in the network for developing collaboration, the handbook defines donor partners and partnerships, as well as describes how to work with a range of funders and actors involved with projects directed at strategic change.

www.osi.hu/partnerships/

Feasibility study on the setting-up of a Europe-wide bridge between grant-givers and grant-seekers / Martine Godefroid. - Brussels : The Association for Innovative Cooperation in Europe (AICE), 1996. - 30 p.

This study contributes to the ongoing search for innovative solutions regarding the gap in resources that the Third Sector is continually faced with. Using information collected through

desk research and interviews, the study arrives at the conclusion that the globalisation of the Sector requires that transnational approaches be applied to solving such growing financial problems. The Study also led to the creation and implementation of a task force (the Association for Innovative Cooperation in Europe) to spearhead the expansion of local, national and global resources. Country profiles detailing legal and fiscal frameworks are included.

<http://www.nefic.org/history.htm>