

Letter to a new international funder

The Bernard van Leer Foundation (BvLF), which works in 35 countries and devotes 97 per cent of its funding to overseas grants,¹ has worked with a number of smaller Dutch foundations that have expressed an interest in international funding. Based on the sort of points BvLF discusses with these foundations, *Alliance* asked Executive Director Peter Laugharn to write to an imagined foundation that has just decided to start funding overseas...



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Dear Colleague

I am delighted that you have decided to get involved in international giving. I know that it required a lot of discussion with your traditional local stakeholders, and I am glad to hear that in the end they supported your decision. Even though yours is an established foundation with a long record in grantmaking, this is a big step. I hope you won't mind if I offer some unsolicited advice.

First, I would suggest that you think about the **larger frameworks into which you might integrate your grantmaking**. In other words, you should think seriously about the what, the how, and the where of international grantmaking. While the public or the organizations we fund may feel that our foundations dispose of large sums of money, in fact there is no comparison between the need and the volume of foundation funding. In the area of HIV/AIDS, for example, annual need is pegged at more than \$10 billion, while investment by the top ten European foundations for the developing world is estimated at about \$30 million – less than 1 per cent. Foundation funding in international development is small compared to that of governments or indeed poor households. So we cannot justify our efforts by the amounts alone; rather, those amounts have to work hard, providing leverage, innovation, quality, or flexible delivery.

One of the privileges of foundations is to be idiosyncratic, to choose their focus according to their own special interests. While this makes sense in well-resourced contexts, such choices run a real risk of marginalization, even of squandering of resources, in international giving.

The most general overarching framework guiding international development assistance these days is

that of the Millennium Development Goals (www.developmentgoals.org), which bring together the various anti-poverty, education, health and environmental efforts that the UN, civil society and others have been promoting over the past decades. The European Foundation Centre (EFC) has recently endorsed these goals as a framework for its 'Europe in the World' programme, an effort designed to persuade European foundations to devote at least 5 per cent of their expenditure to 'initiatives outside of Europe or within Europe but with a global dimension' (www.europeintheworld.info).

You asked if I had **any recommended reading** to help you place your efforts in a global context. One very readable book I recently came across that outlines a clear and engaging global agenda is *High Noon: Twenty global issues, twenty years to solve them* by Jean-François Rischard.² Also, a number of resources on international grantmaking have been produced by the EFC and the Council on Foundations in the US.

When we spoke of your internal discussions about whether to get involved in **HIV/AIDS funding**, you told me your board was concerned that your efforts would amount to no more than a drop in the ocean, and that you wouldn't have any real results to show for your investment. I would still encourage your involvement, but would recommend you decide whether you want to do this through your own programmes or supporting someone else's. You sounded like you wanted to make a unique contribution; if this is the case, you will need to study the situation and **decide what real value you can add**. But there are many foundations that have decided that it is enough for them to contribute to larger efforts – that their learning the ropes thoroughly wouldn't be justified in the long run. I will be interested in what you decide.

A couple of observations I would make about foundations beginning international grantmaking: they often seem to start by going it alone, and don't always realize the value of **coordination, networking and alliances**. I would very much recommend that you identify networks of foundations in the countries or topics you want to work on, and start talking to them. In many cases, the EFC or the Council on Foundations have affiliated affinity groups of foundations working on a particular issue, such as global health or education. If you find that some countries, and some issues, are oversubscribed, you might want to look 'off the beaten track'. In any

¹ This includes 24 per cent to other European countries and the remaining 73 per cent to Africa, Asia, Latin America and North America/Caribbean.

² Jean-François Rischard (2002) *High Noon: Twenty global issues, twenty years to solve them* Basic Books, New York.

case, you should make sure you are adding value and not merely duplicating others' efforts.

I'm glad you asked me for my thoughts on **quality in international giving**. There's no necessary correlation between quantity and quality and it's worth underlining that larger amounts of money don't in themselves guarantee effectiveness. It is important internationally as well as domestically that foundations don't just give money. They can add value, for example, by increasing knowledge and know-how through the projects they fund. It is crucial to think in terms of working hypotheses, propositions, and even wagers – of important outcomes – not only in terms of project objectives.

I would also stress the importance of accountability in an international context, though distance and difference in circumstances make this difficult. In both domestic and international settings, the greatest risk to an endowed foundation is complacency, since we have no electorate, no market, and little government regulation; and in both settings, it is important that we push ourselves to be transparent and accountable.

But some things can be confusingly different. Let me go over some general principles that foundations working internationally have developed.

First, you will be working in a new and very different environment. This will call on your best cross-cultural and communication skills: listen well, check your understanding, and make sure you get reliable feedback. Discuss your impressions and your ambitions with other foundations, NGOs or international organizations already working there. And find ways to let grantees express themselves in their own language, even if this means translation and interpretation costs – you will get richer, more articulate proposals and reflections.

Take time to learn about the context thoroughly, particularly about the laws governing foundations in the new country. If there is a national association of foundations, they will usually have organized information on this. Also be aware of popular perceptions of foundations, including those of the media. Ask a variety of stakeholders whether your domestically developed statement of 'how we work' makes sense to them.

I know that you have developed your own ideas on the ethics of giving, but you should **be aware as well of**

commonly held ideas about giving in the new country, since you may often be asked to justify your decisions. In many developing countries, philanthropy may be principally based on direct personal giving. Givers and receivers alike may be more mistrustful of middlemen and institutions, and this will be exacerbated if there is any history of corruption or lack of transparency in institutional philanthropy.

Secondly, you will need to **balance the need for focus and the need for context**. You and I know how highly focus is prized in our field, and we take pains to identify the particular approach and niche of our foundations. Global frameworks reinforce this, in the sense that they ask us to identify our own unique contribution to avoid squandering our resources over a vast agenda. You will also find a particular thematic focus useful if you want to work in several countries.

But the best international work also builds on local context and strengths. The more you do this, the more your work will be locally understandable, sustainable, and replicable. Keeping this in mind will also help prevent your desire to be focused from causing you to become directive – the challenge is rather to develop a shared focus with the organizations you fund.

A related question is that of clarity. I know that we agree that quality starts with clarity on outcomes sought, but you need to **make sure that the outcomes that interest you are also those that are most valued by those in the new country**. Consultation is key here: be sure to seek an understanding of how quality is defined by your potential beneficiaries, by the host government, and by the 'technical elite' working on your key issue. Make sure that your board and staff have thoroughly discussed ideas about quality, both in your home country context and in the new project context. Quality is always an elusive topic, but it can be particularly ambiguous in multicultural contexts. I have found that a detailed, well-discussed, agreed-upon 'vision of success' will usually clarify expectations and guide programming better than a prefabricated checklist of indicators.

You will need to think through how you will ensure that you are on top of things within the new context. Are you thinking of **opening a field office, or will you monitor from a distance** (*Alliance* magazine has a good discussion of this question³)? If you don't have

³ *Alliance*, Vol 7, No 4, December 2002.

a local presence, someone from your staff or board should visit each project at least once a year. Judiciously used, new communications technologies will reduce the need to travel as often, though they will never replace actual visits and face-to-face contact. Whether you establish a field presence or not, you will want staff or at least advisers who know local conditions well. Make sure that they are well chosen, that you have some means of corroborating their interpretations, and that they do not turn into gatekeepers separating you from the local reality.

I think the challenge of **assessing success** is similar to the one we face in our own country, possibly more difficult because we are trying to integrate global approaches and local contexts. The ground rules seem to me to be the familiar ones: be clear from the beginning about outcomes sought, be willing to have your programmes reviewed and evaluated internally and externally, involve stakeholders in the evaluation, share the results, and look for unintended consequences. The urgency of the issues you will be dealing with – poverty, HIV/AIDS, environmental issues – calls on us to share results effectively, and to admit and learn from mistakes.

A third set of differences concern relationships and questions of power. I think the first thing is to be clear about the profile you're trying to create for yourself. Are you a grantmaker, an innovator, a social venture capitalist, or a helper of the disadvantaged? How do you view your relationship with the organizations and people you fund? Are you supporting them in their agenda, inviting them to participate in yours, or seeking to develop an agenda together?

You may not even be aware, at first, of your own power. Here, donor-grantee relationships can be casual and frank. This may not be the case in a new country, so you might want to take positive grantee feedback with an even larger grain of salt than normal, keeping in mind that when resources are scarce, people may tell you what they think you want to hear. Certainly you should make sure that there is nothing unacceptable that potential grantees need to 'swallow' from you in order to work with you. The plus side of this is that you are likely to have wider social and political access than you do at home. You may be under a mango tree in a village one day and in a minister's office the next. Think about how to use this 'vertical mobility' and the leverage it offers you well, especially if it's not part of your experience at home.

Fourthly, think about what it means to work on 'big agendas' and complex problems such as HIV/AIDS. The urgency of these problems may tempt you to act more directly than you normally would. Is this justified? Seek to move faster but also to communicate well and be a good partner.

Working on such big agendas, there may be a steep technical learning curve. Are you sure you will add value? If not, perhaps you would do best to support those who do. Define a realistic approach for your organization. And since the challenges can seem so overwhelming, watch for burnout, and remember that a network and a long-term view will help.

The size of the agenda may also affect how you develop your funding strategy. You know that some social sectors in our own country are relatively well funded, resulting in thousands of complementary and competing projects. It is likely that in the new country, these same sectors will be grossly underfunded. You may well find yourself under pressure to supply services directly. You will also probably find that because of the great need and limited resources, you will be called on to make judgements and compromises regarding quality and costs. Consider how you will make these choices.

So how much should you give, in what sized chunks, and to what level in the chain between the household and the state? This needs to be determined in regard to your strategy, and in terms of the local economy; €10,000 may not be a large grant in Europe, but it could go a long way in India. What level of organizational complexity are you looking for – a 'mom and pop' operation, a grassroots community-based organization, a more professionalized NGO? The level you choose may have implications for the organizational development support you will need to provide. How will you make funding decisions – what criteria, who is involved in the decisions, and with what degree of transparency? Will you solicit proposals or accept whatever come your way?

This is a long set of questions and pieces of advice. I hope you take them in the spirit in which they are offered and find them useful rather than daunting. One comfort is that you are unlikely to be giving too much, unless you are focusing too many resources on too small a problem (in which case I'd send you back to the macro frameworks). I will follow with interest the paths you decide to take.

Good luck! @