

“Intelligent Money” – Private Resources for Development

REGIONAL SUMMARY



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Introduction

INTRODUCTION

This document presents a regional summary of findings of a qualitative research focused on the effectiveness of private giving practices in the context of Bulgaria, Czech Republic, Slovakia and Romania. The research took place between January and June 2008 at the initiative of the following nonprofit organizations who have in the last 5-10 years supported development private giving in their respective countries (further called partner organizations):

- Association for Community Relations (Cluj)
- Center for Philanthropy (Bratislava),
- Via Foundation (Prague),
- Workshop for Civic Initiatives Foundation (Sofia).

The research focused on 3 areas (further called themes) in all 4 countries in the region subsequently used in identifying both common tendencies and signs of trends as well as elements of differentiation

emerging in the region of Central and Eastern Europe. These themes are:

- 1) Changes in the landscape of private giving;
- 2) Prevailing giving practices and the understanding of “effectiveness” in these practices, both on the donor side and on the recipient side;
- 3) Roles and position of the organizations that directly mobilize or indirectly support the mobilization of private resources in these countries.

Our ambition is that the research process and its results serve as a catalyst of mutual exchange and learning of participating organizations on the above issues. It is our hope that the findings of the research would meet this ambition and will support action for partner organizations as well as for others who have an interest in the resource mobilization field and in improving their practice (including

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indigenous foundations, support organizations, donors and civil society organizations).

This Report has been written by Alina Porumb and Boris Strečanský based on reports provided by Jiřka Nesrstová (Czech Republic), Milica Danková (Slovakia), Roxana Muresan (Romania) and Stefan Stoyanov/Iliyana Nikolova (Bulgaria). Valuable comments were provided by David Harding (U.K.).

Full Regional Report and Case Studies are available in the electronic version at www.effective-resources.info.

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Research Approach

RESEARCH APPROACH

Centering the work on the metaphor of ‘intelligent resources’, we have tried to explore issues related to quality, effectiveness and role of resource mobilization practice, rather than on the quantity of resources available or mobilized. So the research had a qualitative orientation in two ways:

1. It inquired into the quality of resources and resource mobilization practices for civil society development;
2. It used qualitative methods for collecting and analyzing the data.

The research started with a cooperative identification of key research questions, followed by a process sharing our own assumptions on effective giving practices (‘intelligent resources’).

Based on research questions, we have designed a process of selecting respondents – looking at a

combination of Resource Mobilizing Support Organizations (RMSOs, see more below), civil society organizations (CSOs), corporate donors and also individual donors.

The respondents were identified in each country using following criteria:

- Senior staff (founders, executive directors, senior program staff) with multi-year experience to be able to reflect on the developments over a longer period of time
- RMSOs as organizations who aim to take a strategic role in development and mobilization of private resources (on the resource giving side, resource raising side or in combination as intermediaries between those who have and those who use the resources). They can be foundations, associations/federations/expert centers with at least one of the following roles:
 - Linking private donors interests on one side and recipient CSOs on the other;
 - Providing educational services,

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professional standards or advice for donors or CSOs;

□ Building and sharing of knowledge in or influencing of resource mobilization policy or practice.

- Corporations with corporate foundations or corporations that don't have a corporate foundation but give funds to other non profits.

- Individual donors – net worth individuals who established a foundation or a non-profit project or made a significant donation.

- CSOs with diverse experience in raising resources from private sources (corporate, individuals) and who benefit from resources mobilized by RMSOs.

48 interviews were carried during May 2008 in the four countries as follows:

Type of respondent/ Country	Bulgaria	Czech Republic	Romania	Slovakia	Total
RMSOs	3	3	3	4	13
CSOs	4	5	4	4	17
Corporate donors	3	3	2	4	12
Individual donors	1	2	1	2	6
Total	11	13	10	14	48

To increase the space for free expression we have decided to keep the identity of respondents confidential as well as to present responses in an anonymous way.

The interviews were processed into country finding summaries using a structure on the three research themes. Research findings were interpreted by the regional research team and their implications for

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practice discussed at a meeting of partner organizations. In addition to data from the interviews, the team researchers surveyed secondary data relevant to the focus of the research and used them in preparing the country level and regional level reports. Country finding summaries were translated and used as a basis for the Regional Report.

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Findings

FINDINGS

The findings section of the document is structured following the research themes. In its first part there is a section on the private giving context and trends in the region. This section is based mostly on the secondary data. The two other sections – Giving Practices and Role and Position of RMSO summarize the views of the respondents and the interpretation of the authors and the research team.

Quotations that are used in the document are selected to further develop a particular idea or provide a reader understanding of a particular nuance of idea discussed

PRIVATE GIVING LANDSCAPE

Based on the perceptions of respondents and on the available secondary data from representative surveys (Bulgaria, Slovakia, Romania) and income tax statistics (Czech Republic), it is possible to conclude, that there is a tendency

that **private giving in the region is increasing** and increases its diversity.

Individual Giving

In terms of individual giving all countries involved report increases in volumes, average amount and participation of individuals in private giving. Rapid increases are reported in Romania and Czech Republic, less steep is the curve in Slovakia and Bulgaria.

“Situation is improving a lot as well as culture of giving that wasn’t here before. Now the basic needs are fulfilled and people can afford to give”. (Czech Individual Donor)

Empirical surveys show that in Romania the amount of donation by individuals grew at least 10 times in five years. The surveys in Bulgaria, Czech Republic, Slovakia and Romania report that 40-60% of their populations is engaged in private giving. In Czech Republic, based on Ministry of Finance data, individual giving doubled in volume and rose by 85% in number of

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donors between 2000 and 2006. Typical donors are educated, professionals, from larger cities and in their middle age.

“For the last 19 years, Bulgaria is slowly coming back to practices that existed before 1944, when rich individuals donated huge amounts for the sake of society – like the donation through which the oldest Bulgarian University – Sofia University was founded.” (Bulgarian Individual Donor)

Besides the process of spreading charitable behavior in larger layers of population, Bulgaria, Czech Republic, Slovakia and Romania report also emergence of larger individual donors including legacies. This is still rather rare, but it is believed that the individual giving, large gifts and regular small giving has a potential.

“With individuals, I can see the drops dripping, but the faucet isn’t yet turned to see the pressure. People are getting rich and they will consider donations. I believe it is an environment ready to explode.” (Romanian RMSO)

In Czech Republic for example, branches of foreign **for-profit fundraising companies** are opening their offices and offer pre-financing to bridge over absence of money available for fundraising on the CSOs side. Czech CSOs understand that they have to learn new methods, better utilize their contacts and use their capacity to tap this potential. Selected number of CSOs in the Czech Republic who have developed comprehensive individual donor recruitment and care systems already have several thousand regular donors.

Both the respondents and the secondary data confirm, that the purposes of individual giving are dominated by church in Romania and Slovakia, while in Bulgaria and the Czech Republic the preference is given to humanitarian causes and socially disadvantaged groups. Some issues are not popular across the region (Roma, assistance to homeless people or drug addicts etc.)

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Forms of individual giving also change. The traditionally broadly used public collections or collections to cash boxes in the street are slowly being worn out, although still effective. Reported across the region are new giving instruments such as SMS or their variation of Donor Message Services, giving through ATMs, telephone or internet as new channels for giving that are supported by public campaigns and media support. Also new giving mechanisms emerged (payroll giving in Romania and Bulgaria, financial support system Good Angel in Slovakia¹). All these are not dominant instruments yet, but expectations are that their share in giving will increase in time. There is a change in the way of thinking of the individuals compared to 5 years ago, more important criteria for individual donors became the transparency and sufficient information about the recipient than purpose or tradi-

tion, which mattered more before. This creates pressure on CSOs to report more to the public, to publish annual reports and to learn how to communicate more effectively with their donors.

A significant contribution into the individual giving culture was provided by the “**tax assignation**” mechanism that allows individuals in Slovakia and Romania to assign 2% of their income tax for charitable purposes implemented by civil society organizations. Despite some confusion around the percentage mechanism as it redistributes public funds (taxes) and not private resources, the meaning of this mechanism for individual giving is in its social mobilization and learning a practice of sharing and supporting the civil society.

The **political and economic context** became more stable in 2002 – 2007. The economic context in

¹ See Case study Good Angel at the www.effective-resources.info

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the studied countries has generally changed more favorably towards individual giving. There has been an increase in real wages accompanied by an increase in the GDP and decrease in unemployment. The economic increase has been accompanied by changes in the legal and fiscal frameworks. For example, Slovakia has abolished the tax incentives for giving as a part of its effort in establishing a low flat rate income tax while in Czech Republic the incentives for giving remain in place. Bulgaria also stimulates giving allowing individuals to deduct from their taxable income up to 5%.

The role of the media in initiating or supporting resource raising campaigns has increased across the region. Beyond the church, individual donors give to causes that are visible in the media.

Corporate Giving

The **corporate giving** in the region is rising in terms of size and in terms of visibility and structures itself internally. There are differences among the countries in the region, for example a comparative report on Czech and Slovak corporate philanthropy² showed that the Czech large companies give more than Slovak large companies and small companies in the Slovakia give less than their Czech counterparts. Corporate giving in the Czech Republic tripled in the last 7 years while the number of donors raised by 80% and average donation almost doubled.

The concept of **corporate social responsibility** (CSR) becomes more and more fashionable and plays a role in the corporate giving processes across the whole region. Respondents but also other

² Svitkova, Katarina (2006), 'Corporate Philanthropy in the Czech and Slovak Republic', Charles University, Center for Economic Research and Graduate Education, Academy of Science in Czech Republic, Economic Institute

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research works suggest that the concept is promoted especially by multinational business actors in the region. Also it is CSOs that often lead the agenda of awareness-raising of CSR in their respective country³.

The CSR concept, due to its complexity and multi-faceted nature is often simplified to corporate giving. The peer pressure that is built around CSR translates into more intensive corporate giving which is spread not only in capitals but also in the regions of the respective countries.

*“I see that my peers from other companies are really keen on getting to know, to learn more about CSR and trends from abroad.”
(Czech Corporate Donor)*

The difference between **sponsorship**⁴ and **donation** is not always

clear and sometimes the two are being replaced by each other. The tax advantages of sponsoring for businesses are obvious, however, CSOs feel the difference more sharply and feel less comfortable in a commercial relationship than in a charitable relationship. Nevertheless, both are ways of engagement of business in giving resources for civil society.

Based on the analysis of responses, the corporate sector in the studied countries pays a greater attention to the giving process, as to what is to be supported and how. There are already examples of hiring staff that has a practice in the non-profit sector. Also there is a tendency that corporations structure their giving in more **organized and continuous programs**. But the **ad-hoc giving** approach is also quite common.

³ UNDP (2007), Baseline Study on CSR Practices in the New EU Member States and Candidate Countries

⁴ In research team understanding, donations are gifts offered for charitable purposes, without any reciprocal advantages for the donor, while sponsorship allows for limited benefits offered to the sponsor in exchange for contribution, in the area of promoting sponsors name and logo.

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“I think it is definitely getting better. I remember a time, 10-15 years ago, when corporate giving was really at the beginning, it was ad hoc giving, charity, quite often mixed with sponsorship. Now at least big corporations have conceptions, strategies, they give quite a lot. On corporation level we don’t talk about charity any more, now it is about social investments, investments to community.” (Czech Corporate Donor)

Also, another present trend among corporate giving is orientation on engagement of employees in volunteering and giving, launching of **employee programs** by offering them possibilities of tapping the corporate resources for community projects or matching employee contributions for public benefit projects by corporate contributions.

This trend of greater corporate attention to its social performance is supported by the growth of **corporate foundations** across the studied region, with some exception of Bulgaria, where this trend is not so obvious as in the other three countries. In Slovakia for example

the corporate foundations are the fastest growing segment among the foundations and their income increased by 80% between 2005 and 2006 (Slovak Donors Forum, 2007).

Unlike individual donors, companies tend to stress their **visibility** needs and media relations in their corporate giving strategies.

A particular development unlike in other studied countries is seen in Slovakia in connection to **the 2% tax assignation**. Since 2004 Slovak legislation allows also corporations to assign 2% of their income tax for publicly beneficial purposes. Over 95% of corporate income tax payers use this possibility. As a result there is an increase of number of corporate foundations established in recent years which benefit from the 2%.

“The possible 2% tax assignation [...] is not philanthropy. On the other hand, I believe it essentially forces businesses to think more strategically and think at all about what to do with the

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money – because they do indeed need to decide about a relatively sizable package of money within certain date. In effect, this helps them learn how to work with our organizations, it helps them learn something about issues and the impact of those resources.” (Slovak RMSO)

The **orientation of corporate giving** is on causes in education, socially and health disadvantaged groups. Environment recently enjoys a greater attention in the region as a whole, which paradoxically causes an ethical challenge for some environmental CSOs who are concerned about their integrity.

In **future** it is expected that the corporate giving will remain important as a source of potential partnership and source of resources for civil society. It is also expected that it may increase in value and quality, with more focus on strategic approaches to giving and lessons learned in its early phases.

“Awareness will be continually increasing. I do not see any significant changes and jumps coming.

What I see is rather a long-distance race. It is more about quality than quantity” (Slovak Corporate Donor)

Key Conclusions

Based on these findings, the authors of this report believe that the role of private giving in the region will remain relevant for the sourcing of the civil society, especially in countries where the public sector will not be significantly supporting the civil society from public funds.

Within the private individual giving, the future growth is likely among smaller individual donors that emerge as a group along with the economic stability and growth of this region, especially in the Czech Republic. There are signs of appearance of larger individual donors as well, who come from the “nouveau riche” and the business elite that often blend the traditional popular charitable culture with the new spirit of entrepreneurialism.

Also, national and local level private resources may be distributed

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more widely where specialized institutions exist such as intermediaries as national indigenous foundations in Bulgaria, the Czech Republic or Slovakia. An important role in tapping the private resources on a local and regional level will be played by local philanthropic actors such as Slovak community foundations, the oldest in the region or of new community foundations in Bulgaria and Romania.

If the current economic and political trends continue without major ruptures, in future the corporate giving will remain important as a source of potential partnership and source of resources for parts of the civil society. The corporate sector will continue to explore different ways in its giving strategies, including establishing corporate foundations and partly using advice from the non-profit sector through the resource mobilizing support organizations.

EFFECTIVE GIVING VERSUS CURRENT GIVING PRACTICES

One of the most important aims of the research was to identify what practitioners involved in the resource mobilization process (as donors, recipients or supporters) consider as ‘effective’ giving and compare with current practices in the region. Four main areas have emerged as being key to effectiveness of giving, while a number of other characteristics complete the picture. These four areas are: 1) impact, 2) knowledge, 3) relationships between donor and recipient, 4) type of support. We will follow this structure presenting first how effective giving is perceived as well as which are the current giving practices in these four areas.

Impact

This is an area identified as important by all types of respondents. But RMSOs point to some tensions in practice within this area too, as described below.

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Doing good or changing for the better?

One of the stronger tensions notable by respondents in the giving practices is the one connected to **systemic change or addressing root causes of social problems**. At one end of the spectrum, respondents point out, lays the **charitable or welfare approach** - connected to short term, immediate relief needs of individuals or communities – while on the other hand giving may aim at a **strategic or transformational approach**. While interest for more charitable approach comes mostly from individuals or corporate donors involved on a more ad-hoc basis, actors involved in organized philanthropy – especially RMSOs – tend to recognize and promote the need for the more strategic philanthropy, the one that looks at root causes and promotes systemic change.

‘Effective gift has transformational not only transactional potential. I will not repeat the same thing over and over, but this gift will create completely new situation for me,

there will be no way to take it back. It will kick me out to new dimension’ (Czech RMSO)

‘For me the most effective are money that are changing old maps, bringing systemic change. Darning, patchwork, ad hoc things don’t solve anything. If there is a problem in society, it is worth to invest in changing the system rather than healing symptoms’. (Czech RMSO)

For example, the material support for people in need – especially but not only centered on holidays is a good way of engaging donors’ emotions and giving them a feeling of well being for contributing to somebody’s good. The more immediate and tangible, the clearer is for the donor’s that s/he has been helpful. Still, organizations (RMSOs and CSOs) that engage systematically with issues connected to children’s rights and well being know that ad-hoc, material support is not the most effective way of intervention. This may create tensions between donors’ interests and wishes and RMSO/ CSOs understanding of their own mission. This tension may be

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resolved in practice by: 1) CSOs developing complementary, more ad-hoc or event based approaches that in their view satisfy the needs of both beneficiaries and donors; 2) CSOs refusing the gift or engagement with the donor if they view it as opposing the best interests of their beneficiaries. Alternatively, tension may be transformed when the RMSO/CSOs is clear about its own strategic choices and has the courage, determination and skill to communicate to its donors.

“We changed our strategy recently. We decided not to give material help to orphanages anymore and rather focus on prevention and foster parents. It is really about the time to change the system and we want to be watchdog, advocate for change. It was quite a big shift; we needed a lot of courage – because of orphanages, because of media. I thought I had enough experiences in talking to media but it was difficult to defend it.” (Czech RMSO)

In the research team interpretation, the first approach may be connected to traditional ways of giving existing in these countries, while

the transformational approach is connected more to current understanding and trends in the international civil society, development and philanthropy arena. These different approaches may create tensions between the expectations of donors on one hand (especially ad-hoc or new donors) and the expectations of CSOs and RMSOs on the other hand.

The literature in the civil society, development and philanthropy points out to **the complex, unpredictable, long term and intangible character of the effective social change**. In the research team assessment of context and practice in CEE, these characteristics of social change may limit attractiveness to new donors, especially when these may not have sufficient time and patience to follow and understand the practice of potential recipient organizations. RMSOs/CSOs try to respond to this situation by maintaining regular communication with the donor and building long-term relationships that enhance mutual understanding.

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Is there more beyond the numbers?

Impact may mean different things to different people, with a tension between quantity and quality of the results. While corporate donors and some support organizations look at impact from the perspective of numbers of beneficiaries or stakeholders reached through the project and introduce criteria linked with cost-effectiveness, CSOs and other support organizations link the impact with the length of work in a certain area that allows organizations to work on root causes of a problem and propose solutions that can be replicated.

Knowledge

Donors can increase effectiveness of donations if they engage in understanding more about the **cause they want to support, alternative approaches and organizations.** Understanding own values and expectations (knowing what s/he wants to support and why) is also

viewed as an important element.

Current giving practices range from more emotions based, ad-hoc contributions to more planned, organized giving where donors may invest more time in researching the area in which resources are offered. Still, involvement of donor time and energy, beyond resources is reported as a challenging area by CSOs/RMSOs. One way for donors to build their knowledge of the issues and organizational approaches is through continuity in the relationship with the supported organization.

‘Effective giving is not ad hoc. There should be about 3 years’ horizon and plan how to sustain the results. Donor should plan together with CSO what is realistic to achieve in giving time, what is the expected result. The relationship is very important. I think there should be symbiosis or synergy if we talk about being effective’. (Czech Corporate Donor)

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Relationship

Effectiveness of giving also is influenced by the relationship between the donor and the recipient organization. There are two elements that are reported to be important: 1) existence and continuity of the relationship; 2) balance in the relationship.

One time gift or long term connection?

Engaging donors beyond the act of donation is seen by CSOs and RMSOs as being extremely important as it allows for the donor to understand more about the approach of the organization as well as see the results of its work.

This relationship may be difficult to establish in case of **individual donors** that are attracted to support the work of the organization through public collections (e.g. donation boxes) or through media supported events (e.g. telethons). Limits in establishing the relationship may include: 1) not knowing

who donors are in the case of anonymous donations; 2) limited or no access to donor information in case of mediated donations; 3) limits in identifying and using two way communication channels; 4) costs and know-how related to the development and maintenance of donor management systems and capacities by the organizations; 5) donor willingness to be further involved. While organizations find it difficult to engage donors in visiting their projects or participating in organization's events, they also report that once this starts happening it is a very effective way to obtain support and positively influence the continuity of this support.

“An ideal giving process is based on a long-term relationship, trust and correctness.” (Bulgarian CSO)

Finding good ways of **engaging donors long term and creating a continuous relationship** is reported as one of the critical challenges across the region, with more positive experiences among Czech CSOs. Also, not all CSOs take initiative to build such relationships.

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Effective donor should concentrate on one issue and follow it on the long-term bases. Only thus he will be able to judge whether his gifts are effective. It will also motivate him to give more and/or regularly. It is important to choose 1 NGO and stay in touch with them to get the feedback. If you have feedback than you can decide whether you like the way they work or not. (Czech CSO)

With individuals, what really matters for them is to get the feeling that they did something good. If they hear (even if they don't expect it) about the project they feel proud that they contributed. But they don't plan to follow results. (Romanian RMSO)

While CSOs/RMSOs report at least one experience with what is considered an ideal donor – long term partner who is interested and engaged in their work, **continuity and quality of the relationships between CSOs/RMSOs and their corporate donors** depend on a number of areas. On the corporate donor side these include: 1) motivation for corporate involvement; 2) experience of the corporation in

the giving area; 3) position of person who maintains communication on behalf of the company. On the RMSO/CSO side the main factors relate to 4) the level of maturity and experience of the organization in relation to corporate sector.

1) Motivation for involvement: one of the main factors of differentiations is the motivation for involvement of the company on a continuum between ‘pragmatic’ and ‘altruistic’ donors – where **for the first benefit for company comes first in giving decisions, while for the second the cause supported is more important.**

Also, connected to the above, decision for involvement may be influenced by business objectives or may be influenced by the interests and moral commitments of people with decision-making power or influence (owners, managers, etc.).

2) Giving experience: a difference is reported between new donors – companies that now experiment with this idea and experienced donors – where there is a history

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of engagement and institutional memory related to it. As multinational companies also have access to their headquarters or international offices experience and as they have been pioneers on the corporate social responsibility/involvement market, they tend to have more experienced practice.

3) Position of the corporate

officer: the relationship may also depend on the position of the people from corporations and CSOs involved in negotiation. More often, the corporate giving is relatively marginal to corporate concerns, while raising resources is strategically more important for CSOs/RMSOs; thus the latter may find themselves communicating or negotiating with corporate officers who don't have the power of making decisions. While some officers are successful in transferring further critical information and making an internal case for what they consider as effective corporate involvement, for others this is more difficult. The department where corporate giving is placed (e.g. communications, marketing,

corporate social responsibility, human resources) also plays an influence in shaping the giving goals and strategies. **Building relationships at the higher level in company as well as engaging a large cross section of middle managers and employees** may prove to be the best strategy for ensuring continuity in relationship.

“We have few corporate donors we dreamt of. They give regularly, increase their support, they support organization, not projects. Management and employees visit us at least once a year to volunteer. These relationships are already personal, it is really different level of partnership. Beyond that, employees offer us their expertise and give us feedback we need. E.g. when we prepare direct mail campaign aimed at corporations, I can send it to marketing director and he gives me his comments”. (Czech CSO)

“We have long-term relations, which are excellent. If we don't involve employees, however, the relationship is more ad-hoc, you never know from one year to another if you will continue getting support.” (Romanian RMSO)

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4) The relationship may also depend on the **experience of the RMSOs/CSOs**, where those who already have substantial experience and increased interest to clarify and negotiate their own expectations from the relationship, invest in the continuity of the relationship, but also reveal increased willingness or courage to say ‘no’ to different requests from donors.

Both corporate donors and RMSOs/CSOs look at long term giving and relationship as a way to increase effectiveness of giving. In practice though, corporate donors’ commitment is usually up to one year due to the unpredictability of business results as well as managerial and budgetary systems. This increases the chance for volatility of relationship in case there are personnel changes – for corporate donors or CSOs. Long-term support for a cause and interaction with the supported organization is an investment, which in the fast-paced corporate sector may appear as a luxury. However, lack of long-term projects may be also caused by CSOs assumptions

about company preferred ways of support.

Some tensions in the relationship between corporate donors and the CSO recipients and their sources are explored below.

A source of conflict lays in the **unclear or different expectations from the relationship**. Sponsorship, giving, partnership contracts are used inter-changeably and corporate donors, CSOs and RMSOs may not invest sufficient time in clarifying the type of contract and its implications and accept this inter-changeable use as a fact of life. There is also a generalized understanding that **corporations expect visibility, media coverage and good project communication**, but while this may be perceived by the CSOs as an added layer of work to the main project by the CSO, some corporate donors may view this as the actual important ‘product’ of the relationship and focus their evaluation indicators in this area only, which leads CSOs to feel used instrumentally.

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“There is a lot of pressure on being visible, on communication part of the project. On the other hand the project might become just communication about it and nothing else... This is counter-productive, it might harm our reputation.” (Czech Corporate Donor)

Most tensions seem to appear when **CSOs expect a donor relationship** (free money to invest in the cause, project or organization), while **corporate officers expect a service relationship** (that the CSO would deliver on a communication plan and strategy in a similar fashion in which a public relations agency may), especially when these expectations are not clarified and addressed early in the relationship. Service relationship expectations are difficult for CSOs, since they may define their main clients as being their beneficiaries and project stakeholders, rather than corporate donors. The term ‘partnership’ is loaded with hidden meaning if not sufficient time is investing in discovering what type of relationship is expected by both sides.

Thus, **different understanding of professionalism** may emerge, with CSOs interest in developing professional practice in support of their main clients, while companies may define professional practice in relationship to company, with expectation that CSOs understand the business culture and know how to respond to this well (professionally). Still, some corporate donor responses show that professionalism in dealing with beneficiaries and creating impact is an expectation too. Expectations for professionalism in ‘project management’ may fall somewhere in between these two extremes.

One other corporate donor expectation that seems to create tension is the one of **exclusivity** (especially when higher amounts of money are given, but not only), which may impact the capacity of CSO to leverage funds from other (especially corporate) donors. Also, **corporate donors may have mixed expectations from CSOs at the same time – that they have high standards of professional practice,**

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but that they do this in a volunteer (unpaid) way. On the other side, an increased expectation from CSOs to communicate their project and results is perceived as having unexpected benefits as it determines the CSOs/RMSOs to invest more in their public communications, which is useful for engaging individual donors too.

Beyond ‘Money=Power’ Equation

As there is a higher competition between organizations to reach donors resources than between donors to give resources to good, effective organizations, **there may always be an initial power unbalance in the donor-grantee relationship.** This can be addressed by both sides: 1) if RMSOs/CSOs develop their understanding on how critical for their mission and strategy is to communicate and negotiate with the donor expectations of both parties; 2) if donor understands on how critical it is to provide space to the organization to make their own decisions.

Effective giving is linked to a balanced relationship in which both the donor and the organization communicate and agree on the approach that works for both sides.

For me effective giving means to work with professionals with know-how. It means to find right partner and make a deal with him. I listen to their advices but I want them to listen to me as well. (Czech Individual Donor)

In practice, there is a **risk of donor-driven behavior that affects organizational independence** if RMSO/CSOs feel vulnerable in the relationship and don't find the courage to say 'no' to different expectations or demands from donors. This is particularly important in the beginning of relationship, when both parties are learning about each other, but this is also one moment when both parties perceive the highest risk. Still, positive experiences are reported when CSOs can effectively make a case for their organization's position and approach once they invest sufficient effort in communication with

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the donors. Cases of CSOs saying ‘no’ to donations include situations in which association with the donor is considered as diminishing CSO credibility, when donors want to give support in ways that contradict the approach of the organization, or when donors expectation may incur too much effort/cost for the CSO.

Some relations were tensed in the beginning, but balanced on the way. Generally, there is a big pressure at the beginning of the relation, when you have to prove you are trustworthy, midway it balances, and in the end everybody focuses on getting good results. (Romanian RMSO)

Some NGOs are really flexible in playing into company’s hand, especially if the organization is small, new or in real financial difficulties. They can’t afford to refuse the gift. So there is a risk that they become just a marketing tool of the donor. (Czech RMSO)

A lack of balance in the relationship may appear particularly between CSOs/RMSOs and corporate donors. This may lead to donor-

driven behavior for the CSOs that fail to manifest strong leadership, but it may **also motivate the CSO/RMSO to invest further in developing their strategic profile, clarifying their organizational boundaries (when to say ‘no’) and a more professional management of donor communications.** A ‘poor relative’ type of positioning has proved to be defeating in terms of capacity of CSOs to create positive impact for the cause/field of work as well as in its capacity to mobilize resources, showing that increased confidence is needed to counter-balance a strong and confident voice of the corporate world.

Type of Support

While support for clearly defined projects seems to be the norm in the current environment, at least when corporate donors are concerned, RMSOs/CSOs see a need for **more flexible, institutional support** that increases their capacity for producing long-term impact in their area of work. This

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may include supporting the **organization** to develop in areas that are not always directly linked with service/programs and therefore receive less support (e.g. public relations, fundraising, organizational learning) as well as **endowment⁵ contributions**.

Such resources are perceived by RMSOs and CSOs as scarce but highly valuable. They provide space for responding to changes, preparing and refining own strategies and long-term continuity in support a field/community. Some corporate and individual donors realize this, but it is not a commonly shared assumption.

ROLE AND POSITION OF RMSOS

Philanthropic giving sometimes happens through intermediaries who work between donors and recipients to increase the efficiency

of the donors' money. In the Central and Eastern Europe intermediaries emerged in the nineties and worked first with international donors who were active in this region in support of civil society. In time in the region grew dozens of organizations that gradually worked as mobilizers of resources for civil society from public and private sources. Additionally, different organizations have taken a role to develop capacities of actors involved in the process of mobilizing resources, supporting donors or CSOs. This study looks at these organizations that act as Resource Mobilizing Support Organizations because they are in a unique position in their relationships with donors and CSOs and therefore collect a unique experience and understanding of the private, public and non-profit sectors.

This experience can be useful for donors and civil society organiza-

⁵ Institutional permanent fund used where the principal remains untouched and is invested, while the organization uses dividends to support its work.

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tions in making realistic expectations for their interaction with RMSOs and as such to increase effectiveness of their mutual interaction. Also, an improved understanding of RMSO roles and challenges in practices can lead to increased capacity of RMSOs to play a strategic role in support of philanthropy and civil society development.

RMSOs as Resource Mobilizers and Distributors

In an intermediary role, as mobilizer and distributor of financial support or as a broker of partnerships between CSOs and their private supporters, respondents tend to see the RMSOs as ‘interpreter’ or ‘translator’ and in some cases ‘mediator’ or ‘referee’. They have both the position that allows for and need to develop capacity to **understand and work across different spheres** – of civil society organizations on one hand and of donors of different types (public, nonprofit, business or individuals, domestic or foreign) on the

other hand. The understanding of these different spheres is a key to effective action. As companies and CSOs practices differ in their fundamental assumptions and style of work, RMSOs can act as agents that facilitate interpretation/translation between the world of nonprofits and the world of donors.

‘We try to be partners to both sides. We want to blend together both worlds. We play different roles in different situations: sometimes we are fender between CSO and donors; sometimes we sell good ideas to companies or even CSOs. We want to partner with our donors; we offer them our expertise, help them to design their program and implement it. Sometimes donors don’t understand that we are not their agency, but independent foundation with a mission’. (Czech RMSO)

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Based on the typology of interviewed RMSOs and different RMSOs’ programs, we have noticed that there is variation of RMSO position on two main dimensions (see Diagram below):

- 1) orientation towards donors versus orientation towards CSOs and
- 2) RMSO interest of responding to existing versus advancing the social agenda.



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Some interviewers pointed out that their organizational position is certainly orientated on donors, while other pointed out that CSOs are their main stakeholder. Most interviewers though point that their main role is to identify and balance the interests of donors and CSOs as well as create space for new, transformational action that helps advance their mission.

“For CSOs we are obviously a donor, but for ourselves we think we are more than that. We are not just a pool of resources, but our role is to solve problems where there are”. (Romanian RMSO)

Sometimes, RMSOs mobilize private resources by provision of **services** to donors, including the grant-making. They service donors both in implementation of their program and in providing advice.

“We are acting as a CSR vehicle for the company – they externalize a service or we are an extension of the CSR department. They decide what field they want to support, they state the conditions and expectations and we do our best to fulfill them. [...]The company gives

money, we generate the process: call for proposals, selection, monitoring of projects, and evaluation of results. “(Czech RMSO)

For responding donors, the RMSOs’ added value is their **knowledge and practice of transparent processes**, which donors expect when engaging with RMSOs. The knowledge aspect is also important for identification of needs and areas of support.

It is the authors’ opinion that RMSOs try to identify and work where the interests of donors and CSOs meet, but they also try to enlarge this space by creating programs which respond to even diverse expectations of donors and CSOs, **thus acting as a creator of new resources for civil society organizations**. For example, RMSOs may be able to respond easier to corporate donors expectations related to public communication and visibility of the programs, allowing CSOs to concentrate on using resources well for their mission. This also gives opportunity CSOs (especially grassroots level),

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who are less prepared to engage in competition of resources at the national level, to access these resources.

RMSOs as Educators and Capacity Builders

Another role that respondents assign to RMSOs is capacity building for CSOs (education, networking, and institutional development). RMSOs position themselves as having a good overview of many nonprofits, understand the situation on the donor market and are connected to international body of knowledge through membership in different international and global networks. In all studied countries the CSOs and donors perceive the role of RMSO **as an educator and developer of capacity of CSOs** in the resource-mobilization, organizational and project management as necessary and desired.

‘Conditions for giving are improving on both sides. But I think that NGOs made bigger progress as they really pay attention to education and being professional.

Foundations and other educational organizations had an important influence on CSOs in this field. They not only educated them but also helped them to orientate themselves in the environment and communicate with donors in a way in which they can be understood’ (Czech CSO)

The research team believes that RMSOs can increase quality of private giving processes through identifying standards of good practice, offering support in implementation of these standards, providing frameworks through which donors can pool resources or exchange information. They can also play an important role in cultivation of private giving through intensive donor interaction and relationship management.

Combination of the resource mobilization and capacity development does not always play equal role in the RMSOs practice. Some RMSOs invest more in direct mobilization of resources, while other focus more on supporting the capacities of key actors, so that the later can engage directly and effectively in

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providing or distributing resources themselves.

RMSOs as Philanthropy Cultivators

In the opinion of CSOs, RMSOs act as leaders in advancing philanthropic development agenda - building knowledge on context and practice, facilitating and engaging in a public dialogue on issues related to role of philanthropy, civil society, legal and fiscal framework and good practices in this area;

They may be innovators and facilitators of cooperation - identifying new trends and uncovered needs and mobilizing volunteer initiatives of donors and CSOs in responding to these needs.

A key element for differentiation of RMSOs from other CSOs is that they may not take a direct, hands-on approach on solving needs of individuals and communities, rather they support the engagement of other stakeholders, their capacity and cooperation. While RMSOs may have their own direct

programs and special initiatives, the core of their work goes towards their intermediary, capacity building and change-making roles.

“There are [...] different directions in which we as organizations promoting social responsibility and effective giving should work. On one hand, the legal framework is generally adequate but still public institutions lack understanding about the giving principles and mechanisms and the specific role of NGOs in the whole process. On the other hand, the NGOs themselves are not fully aware how to approach the business and individuals in order to stimulate giving and to fundraise for concrete causes and initiatives. Finally, printed and electronic media, especially those with national coverage, do not recognize the NGOs as important catalysts of giving processes but emphasize upon cases of abuse and misuse of charity aids, etc. Thus, the pressure over the public institutions, the capacity building of NGO sector and the work with media and business are the different faces of our work.” (Bulgarian RMSO)

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Dilemmas, Milestones and Challenges in RMSO Practice

The discussion among the partner organizations after considering the collected data has led towards following conclusions related to challenges in RMSO practice, which we have grouped in the following areas: strategic, operational, contextual and programmatic.

On the **strategic level** RMSOs have to balance donors and CSO interests and also find the sources of own power and legitimacy in relationship to their key stakeholders. They have to operate in a way that is recognized as helpful, professional and strategic by different sectors (corporate and civil society). They have to understand different ‘rules of the game’ and operate in them, understand and translate between different ‘languages’ of the two sectors, not losing own strategic purpose and identity as a civil society organization. Compromises on values in exchange of resources may affect

their credibility with the civil society actors, communities and the media. These and pressures mentioned below make the RMSOs feel uncertain about their **identity and integrity**. A risk of using RMSOs instrumentally is reported across the region. Even if the intermediaries are accepted, pressure exists for following with direct results soon, which may impact on RMSOs capacity to define and follow a long-term strategy.

On the operational level there is pressure for RMSOs to develop capacities at different levels. While balancing of different interests is possible in theory, taking into account the interests of multiple stakeholders as well as the mission of the RMSO is more an art, than a science. This requires from RMSO staff creativity, capacity to integrate RMSO strategic expectations in practice, knowledge of the dynamics in different fields (issue of communities, civil society and donor field), capacity to make good judgments about programs and relationships with stakeholders in

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uncertainty conditions, capacity to develop long-term, trust based relationships, capacity to negotiate well.

Since RMSOs activate in a pioneering field that is relatively new and narrow and has not yet fully developed its own training and support systems, a lot of the specialized professional development and support falls in the responsibility of the RMSO itself. In addition to human resources development, RMSOs need to invest in developing financial resources and donor relations, relations with media for communicating their programs, relationships with CSOs and other partners. Reserve funds, flexible general purpose support or endowment income allow RMSOs to learn and strengthen their strategic positioning and responsibility and accountability for own programming as they are better placed to respond to emerging issues and to say ‘no’ to new programs that are reasonably judged by them as not appropriate to participate in.

On the **contextual level** there is a **lack of understanding of RMSO roles** and preparedness of others to work with intermediaries or to support roles of these organizations that are more technical or less direct and tangible. RMSOs perceive themselves **as being different**, not really fully understood and accepted in their societies. They also report a problem in communicating a clear identity, while they are different things to different stakeholders (e.g. for CSOs they may be a donor, consultant or educator, for donors they may be an advisor or a partner or service provider, for other target groups they may be an expert).

On the programmatic level, RMSOs need to clarify their definition of impact and success and own contribution that they make organizationally to this success even if or particularly because in multi-stakeholder approaches, attribution of success (of failure) may be problematic. They need to design programs with expected changes in mind and learning from practice to fine-tune these programs.

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Possible Roles of RMSOs in the Future

The potential growth of private giving suggests that RMSOs future orientation will be moving from corporate to larger individual donors, although today this is rather sporadic activity. There are first signs in the Czech Republic, somewhat less in Slovakia, followed by Romania and little in Bulgaria that individual donors (small and big) are taking their space in the giving arena. The future will depend also on what RMSOs will be doing today in the area of individual giving as these relationships require a longer time frame to establish a sufficient trust in the relationship.

There is also a tendency among some RMSOs to focus on issues of quality of private giving through attention to standards and management processes. However the issue of quality of private giving is not only an issue of where and how to allocate resources, but also of personal learning and transformation on the side of the donor as

the giving becomes more personal than in corporate or public sector. The future role of RMSOs is to continue bringing to attention of donors broader issues that move the society and to engage with donors and CSOs on emergent trends in philanthropy.

RMSOs future role is to create a discourse space for reflection of private giving and through active observation and participation in processes and discussions around legal and fiscal framework, civil society and promotion of private giving.

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Final Thoughts

FINAL THOUGHTS

Countries in our region seem to be currently more connected to global philanthropic trends than before and also more than we have expected. While ad-hoc philanthropy has existed in the past as well, there is a stronger emphasis on organized philanthropy, with increased number and diversity of institutions that support the effectiveness of philanthropic processes in contact with international colleagues. If the focus so far for these organizations has been to prove that in our countries, private resource mobilization can work and resources can be raised, cur-

rent developments leave space for increased engagement of resource mobilization support organizations in transformation processes related to philanthropy quality, effectiveness and strategic impact.

For us this project has been a rich source of learning and inspiration, opening new lines in our strategic thinking. We hope that it will prove to be rich and informative for you as well!

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