

# The view from the other side

Andrew Milner

Much of the emphasis in this *Alliance* special feature has been on the level and kind of involvement donors want in the projects they support. But what do the NGOs themselves feel about this? What kind of involvement do they either tolerate or encourage? *Alliance* asked four NGOs about their relationships with their funders, to what extent they welcome involvement, where they draw the line, and whether some types of donor are more likely to want to be involved than others. Although all four set clear boundaries, it seems that most of their experiences with donors wanting to be involved have been positive.

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'I believe donors, especially individuals, can play an active role lending their voice to the cause,' says Irwin Fernandes of CRY India. 'The bulk of CRY's donor base comes from the elite and the middle classes, and we have attempted to engage these donors as active citizens to take up issues of child rights in their immediate surroundings.'

Donors, he says, will often make site visits 'to interact with CRY's development partners and the communities that CRY is working with. These visits tend to be extremely positive as they help build conviction about the programme and the strategic choices being made on the ground. A spin-off of such visits has been donors who are now strong advocates of CRY within their sphere of influence.' In addition, he says, 'we have a number of instances of smaller retail donors [members of the public donating regular monthly amounts or one-off small donations] playing an active role in mobilizing support for child rights, either by participating in specific campaigns or by working closely with volunteer groups and advocating with the local administration to address violations of children's rights.'

*Alliance* would like to thank the following for contributing to this article:



Irwin Fernandes  
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Jenny Hannibal  
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Nick Moon  
Co-Founder and  
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'People tend to look at donors in a one-dimensional way,' says John Sauven of Greenpeace UK. 'They're rich people and I need some money so I go and ask them for some. That's really missing out on a more fruitful relationship.' Greenpeace's donors, he points out, are often intelligent and successful people who've got 'a lot to offer that goes beyond just giving money. When you look at their skill set and what they can offer, it's often very useful – in terms of generating ideas, bringing contacts, opening doors, giving advice. Certainly our relationship with some donors is very much an interactive, two-way process where a lot of brainstorming goes on and a lot of ideas are generated, and they are then filtered through in terms of how they can meet our campaign objectives.'

Nick Moon of KickStart, a US-based NGO that works in Africa, endorses this view: 'We are very receptive to genuinely constructive criticism, and have adopted/adapted much of it over the years.'

Very often, however, the opportunities for involvement beyond donating money will be limited. Take the example of VillageReach, another US-based NGO that works in Africa. 'Some donors do feel that philanthropy must involve some sort of personal involvement, and we respect and understand that,' says Jenny Hannibal. 'However, due to the nature of our work – with a developing country's Ministry of Health and publicly run health centres – we don't have many opportunities for donors or volunteers to get involved in the field.'

But even for VillageReach, opportunities can arise. Hannibal recalls a young man who volunteered in their Seattle office for four years. The idea came up that he might spend a week in the field, in rural northern Mozambique, gathering data that they wanted but weren't capturing through their normal information channels. 'Because we had known him for years, and because he was already more involved than a traditional donor, we were happy to get him into the rural communities with one of our staff members.'

## The limits of involvement

There's an obvious distinction between involvement and interference. When donors start to adopt a directive approach to the strategy or programmes of the organization, this is where all of our respondents draw the line. As Jenny Hannibal says, while 'we can do our best to be responsive to the donor and simultaneously beneficial to our programme, we can't change a programme for a donor.' John Sauven endorses this. Donors, he says, no matter how weighty their

donation, ‘can’t just buy their way into changing an organizational policy. That’s an important principle to remember.’

Although very willing to listen to constructive criticism, Nick Moon takes exception to donors ‘who feel that they could do our job better, and point to what they see as fundamental defects in one or other aspect of our business plan or model, even though they are unlikely to have had direct experience of working in our environment. To be told that we don’t know what we are doing, when it is clear from the evidence that we know quite a lot, is a bit much.’

### Saying no to a donor

Moon gives an example of ‘a phenomenally wealthy philanthropist who had made a fortune in real estate in California who criticized our strategy for catalysing economic growth via microenterprise development in Africa and said it had blind spots and that he would be able to do a much more effective job. He indicated that he could support us if only we changed our model.’ That was one conversation that wasn’t carried on.

Experience of this kind of ultimatum was rare, though, among the organizations we spoke to. Irwin Fernandes recalls that ‘we’ve had examples of large individual donors recommending fundraising suggestions that we’ve had to politely decline. I can’t recall any instances of donors choosing to part ways with CRY in cases where their suggestions may not have been acted upon’.

John Sauven tells of a similar experience: ‘I was in a meeting yesterday with one of our key donors who’s involved in helping fund one of our campaigns and he had suggested we should do x. When I met him he asked, “have you done x?” and I said, “no, because I didn’t agree with it,” and he goes, “oh, okay”.’ He concedes that while there might in theory be a situation where a donor asks for their money back because you haven’t done what they suggested, ‘that’s not going to happen. At the end of the day you’re being charged with delivering the outputs and meeting the

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*Irwin Fernandes*

objectives, and that remains your responsibility. Ultimately they know you’re the professional and you know your job best and you can give them good reasons why you think you’re right and they’re wrong.’

### Making the terms of the relationship clear

Most of KickStart’s donors, says Nick Moon, want to understand ‘the strategy or business model, and will ask critical questions: “why this way, why not that way?”’ And they want to ‘get to know the principals. They often need to establish a personal connection with the founder/social entrepreneur – to feel confident that these are people that they know and can trust. In other words, if the big picture is attractive, they then want to understand the “head” and the “heart”, and be comfortable with both, before they make a commitment.’ This is perfectly reasonable, he says, and once they have made an informed decision, ‘once they have bought in, they generally do not interfere/intrude in any way with the operation.’

For Sauven, it’s a matter of being clear about the grounds of the relationship from the start. An individual major donor will want to see a project specification with clearly outlined objectives and budget attached and then they will want to see reporting against that. But, he says, ‘you are raising money within certain parameters that have been laid out, it’s not completely arbitrary.’ If donors want you to do something that’s not aligned with your policy, ‘you have to be clear that that’s not what you do and what you are and what you stand for. If that’s what they want, they will have to go somewhere else. And you have to be able to say that.’

### Freedom of decision and action

The ability to stand one’s ground both produces and depends on independence of action. ‘CRY has chosen not to take any funding from the government as it may possibly compromise our independence and ability to effectively negotiate with the state,’ says Irwin Fernandes. ‘You have to be free and independent to make those judgements,’ echoes John Sauven. ‘Greenpeace only takes money from individuals and private foundations, it doesn’t take money from governments or companies in order for it to maintain its independence and ability to think freely without interference.’

### Do individual donors want more involvement?

It’s often supposed that there is a new generation of successful, young entrepreneurs entering the world of philanthropy and bringing with them a much touted ‘hands on’ approach, and that they are the ones

who are most likely to poke their noses into areas that NGOs consider are not their business. Melissa Berman's experience (p43) suggests that this is not necessarily the case. So is there a general rule of thumb for which kinds of donors want most involvement?

On the whole, no, though Irwin Fernandes thinks 'there is almost a hierarchy of interest or involvement, with large donors being the most interested in being involved and smaller retail donors being the least interested.'

What of foundations generally? Fernandes speaks of an arm's-length approach on the part of institutional donors, but suggests that this may be to do with the fact that 'the support CRY has primarily sought and received from these organizations goes towards costs like capacity building and salaries of fundraising and programme staff, investments in IT, or towards shoring up of CRY's corpus'.

In John Sauven's view, dealing with foundations differs from dealing with private donors because 'with foundations it's a more formal process. They have their own rules and regulations regarding the application and the reporting. With a major donor it's probably more informal.'

### Bent out of shape

Nick Moon is more critical. 'So many NGOs and CBOs have been bent badly out of shape by the prescriptive and proscriptive forms of assistance they have got from donors – not family foundations so much as the big bilaterals and large foundations.'

'The large institutional donors,' he goes on, 'are very much more intrusive, and will swarm all over your programme wanting to know intricate details of your organizational development plans, marketing plans, business plans, financial plans, governance structures, strategic and decision-making processes. They will bombard you with visits, questionnaires, formats. All these to be scheduled at their convenience (whereas you getting to see them appears to be very awkward).' And yet, he observes, 'curiously, given that

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they must surely be aware of the number and height of the hoops they hold up for you to jump through, they are very much less inclined to acknowledge that they are taking up huge amounts of your time and energy or that it might be reasonable for them to compensate you for it.' This is one area for him where the "golden rule" seems to be that he who has the gold makes the rules'.

### What NGOs wish donors knew . . .

So what can donors do to be more helpful? For both Jenny Hannibal and Nick Moon, the most obvious way is for them to be clear early on what it is they want from the NGO. 'It's helpful when donors state their interests right up front,' says Jenny Hannibal, 'for example, the country or topic they'd like to focus on – and then we can set up ways to engage in a discussion with them, and enable them to choose how their funds are used. We try to set up the conversation in a way that encourages potential donors to respond without there being an undue influence on how we proceed with our work.'

Nick Moon says much the same thing. 'They might make it clear early on in the relationship more precisely why they are interested in your enterprise (eg is it because it's Africa? Or a market-based model? Or is it the social value creation above all?) and what they would really need to know or have proved to them for them to become engaged.' He adds, 'they might also give some ballpark idea of the amount and timeframe they have in mind. And what conditionalities (if any) they'd place on their support (eg only for Liberia, or not for product development).'

Being clear from the outset might have avoided the sort of disappointment, and time wasted, KickStart experienced with one donor. 'A family foundation showed every indication that they would support us,' says Moon, 'and we developed a fairly close relationship with them – being guests at "soirees" they organized for us, visiting us in Africa, exchanging ideas, offering advice. But then (I believe) we asked them for about five times as much as they were thinking of... And that was that.'

### Finding the right match

It is clear that donor involvement beyond simply contributing money can be extremely fruitful. CRY is one organization that actively seeks the involvement of donors (especially the smaller ones) in its work. All the organizations we spoke to, however, made it clear that no donation, no matter how large, would

warrant undue influence by the donor over any area of the organization's operation.

Another point to emerge is that there's no safe rule about which donors are more likely to want greater involvement or to interfere. Every relationship goes its own way. As Jenny Hannibal puts it: 'Every donor is different. Some are content to see impact through their giving, and others want to see it through their efforts as well. The key is finding the right match between the donor and the organization, so everyone's needs are met and everyone comes away happy.'

Hannibal offers an example of a helpful donor: 'VillageReach was fortunate to have one donor in our very early years who understood what we were trying to do and who knew that it would take time and effort to achieve our goals. Through her foundation, she gave us unrestricted funding that amounted to over half a million dollars over five years. The foundation staff person told us their philosophy: if they trusted VillageReach enough to give us money, then they trusted us to do the right thing with it.'@

#### DONOR-GRANTEE RELATIONSHIPS – SOME PRINCIPLES FOR GOOD GIVING ETIENNE EICHENBERGER AND MAURICE MACHENBAUM

**New philanthropy is not entirely new: what has changed is the way it is practised. New information, new space for interaction and new resources of advice are now available for donors. But any donor-grantee relationship should also match mutual expectations and available resources to increase the likelihood of the relationship being a good one. It is about *what* you want to achieve as much as *how* you want to achieve it.**

As Pascal Affolter, former director of Fundación Aluna in Colombia, mentioned to one Swiss philanthropist during his field visit last year: 'Think critically, constructively and respectfully about the stages that need to be accomplished, without generating bureaucracy.' In other words, to move forward efficiently, it is important to gauge the level of interaction with the partner organization in order to achieve the right balance between legitimate evaluation of progress and the required level of trust.

Here are some good giving principles we have learned from working with families and entrepreneurs.

##### *Select an organization but define a joint project*

Experience shows that a good organization may develop good or bad projects, while a bad organization will generally be unable to manage a project effectively, even if it looks good on paper. So a field visit is essential, followed by joint definition of a project within the chosen organization, as this will enable the donor to get to know the partner organization and measure the impact of his or her support. The organization the donor supports should not just execute his or her aims. Its role is to bring about change in a particular context and, as such, it is important for a balanced relationship to be built by the two parties for their mutual benefit.

##### *Long-term commitment*

It takes time to bring about change. By making a commitment over a number of years, the donor can establish a relationship based on trust and productive

information-sharing. This enables the partner organization to have a reasonable idea of the resources needed to attain its objectives. At the same time, a long-term commitment helps the donor to gain a better understanding of the difficulties and challenges the organization faces and helps expand the donor's knowledge of the areas that interest them.

##### *Planning an exit strategy*

An exit strategy should be planned at the outset so that the organization does not become dependent on the donor. After a period of three to five years, the donor should be able to move on, in the knowledge that they have made a lasting and significant impact. To avoid dependency, the donor should be careful about the amount they give to the organization: as a general guideline, it is best not to exceed 25 per cent of its operating budget.

##### *Light-touch engagement*

Philanthropists who establish a framework, equipping themselves with planning and monitoring tools, and preparing for their eventual exit from the outset, are much more likely to successfully combine results and personal satisfaction. The partner's expectations also need to be out in the open, notably as regards the philanthropist's potential involvement and the necessity for them to be flexible if the project has to evolve in some way to cope with unexpected changes. Both parties can achieve full satisfaction without the need for a complicated administrative structure through solid and realistic planning, keeping a written record of agreements, establishing channels of communication, and anticipating any problems and changes.

Finally, achieving the desired impact, along with the inclination to be good at doing good, is a key aim of philanthropy. But this is often difficult to grasp and to measure and one should remain humble in this learning journey.

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