DEVELOPMENT COOPERATION: HOW FOUNDATIONS WORK ON A GLOBAL LEVEL

Little is known as yet about the work German foundations carry out in the field of development cooperation. The current FoundationReport offers numerous facts and figures, good-practice examples and opinions concerning the engagement of foundations abroad. It discusses the challenges foundations which are active in foreign countries have tackled and what other foundations can learn from this. Altogether more than 80 German foundations and their projects or methodological approaches are mentioned.

THE ROLE OF FOUNDATIONS IN DEVELOPMENT COOPERATION

Foundations are becoming more important as actors that are part of civil society; they serve as initiators, networkers, financial pillars, project carriers and mediums for innovation. Generally speaking, as nongovernmental or private organizations, foundations have an advantage over governmental actors in that they are politically independent. Often they can provide help in regions and areas which are inaccessible to others, without any red tape. They are in direct contact with the local population and sometimes have an excellent reputation and high credibility thanks to their many years of local work.

The work and funds foundations and NGOs provide tend to focus on specific target groups such as poor or malnourished people, small farmers, women, children and people with handicaps and diseases. Foundations spend money as they see fit. They therefore have greater freedom than other actors in their decisions about which projects to support. This independence moreover allows foundations to take risks, support innovations, transfer methods to other regions and try out new approaches in pilot activities.

Thanks to their often extensive network, foundations and NGOs are able to collaborate with other organizations and combine the respective advantages of all partners. Collaborations play a crucial part specifically in the area of development cooperation: using funds, experience and know-how synergistically often achieves a greater effect than acting alone.

THE SUSTAINABLE DEVELOPMENT GOALS AS GUIDEPOSTS

Why do German foundations become active abroad? There are many different reasons for this. Often a donor’s personal experiences in another country are the decisive factor. Strategic reasons may also play a role if the know-how, concepts and methods of a foundation are a perfect match for the needs in other countries, for instance, or if the foundation can learn something from foreign partners.

Frequently global agreements and objectives are a factor in a foundation’s foreign engagement. They serve as a guiding idea for the activities of the foundation. Take, for instance, the concept of human rights or the Sustainable Development Goals (SDGs). These objectives of sustainable development were passed by the United Nations as the 2030 Agenda on 18 September 2015. The SDGs can supply the framework for activities in the area of development cooperation. The message is unequivocal: all countries on earth and all citizens of the world carry the responsibility for our planet, for our global society. For example, the 2030 Agenda explicitly refers to the significant role of philanthropic organizations. The SDGs are important guideposts not only for political actors but also for civil society, and hence also for foundations.

FACTS AND FIGURES ON FOUNDATIONS AND DEVELOPMENT COOPERATION

Compared with other fields, development cooperation is a rare area of activities for foundations. This might change, however, as a recent survey in September 2016 by the FoundationPanel of the Association of German Foundations reveals that many foundations are generally willing to deal with issues related to sustainable development. A total of 42.0 per cent of the foundations surveyed (n=200) are familiar with the 2030 Agenda; more than half of them (58 per cent, n=200) are not (yet) familiar with it and 45.6 per cent (n=180) could generally imagine aligning their foundation work to it. Among the foundations that are familiar with the 2030 Agenda, almost 24 per cent – i.e. almost one in four – are guided by the Sustainable Development Goals in their foundation work (n=84). According to the German Foundations database, 1,766 foundations of all legal forms have a connection to
development cooperation. These are foundations to which at least one of the following descriptions applies:

› Development cooperation is explicitly specified as a purpose in the charter.
› When describing its activities, the foundation uses such terms as ‘development cooperation’, ‘development aid’, ‘international aid’, ‘developing countries’ or ‘Third World’.
› The foundation states that it operates in Africa or Central and South America.
› The foundation states that it operates in a developing country.

Of the civil law foundations with legal personality (n=21,301) only 5.7 per cent are concerned with development cooperation. The Association of German Foundations is aware of 458 trustee foundations which deal with development cooperation. The foundations that advance development cooperation also include ten community foundations. This shows that development cooperation can be an important issue among German municipalities. The Erfurt Community Foundation, for instance, has included the local 21 Agenda in its charter as a call for action.

The oldest foundation that is active in the area of development cooperation is the Hermannsburg Mission. It was founded in 1856 to prepare theologians for missionary work abroad. Today this foundation not only has a new name but also a different identity: the Evangelical-Lutheran Mission in Lower Saxony (ELM) supports partner churches in Africa, Latin America and Asia with funds and human resources. For some foundations the Christian faith is the central motive for their engagement in development cooperation. These include a total of 78 canon law foundations. Many of the foundations with a Christian basis provide subsidies, supporting organizations affiliated with the Church such as Misereor or Bread for the World.

The vast majority of foundations which deal with development cooperation only provide financial help (59.9%, n=875). They distribute their funds to other persons or charitable organizations without carrying out own projects. For example, they help not-for-profit organizations in developing countries or nongovernmental organizations (NGOs) which carry out projects in the field of development cooperation. A total of 12.5% of foundations are strictly operative entities and 27.4% provide funds and are operative as well (n=875). Almost one-fifth of the foundations with a connection to development cooperation accept applications for support (19.3 per cent, n=1,766).

Development cooperation is becoming more important as an issue for foundations

Ratio of newly established foundations with a connection to development cooperation by the decade in which they were established (in per cent)

Only the civil law foundations with legal personality were considered, as they are the only ones that allow a comparison with the total number of foundations. Prior to 1960 only 1 per cent of foundations with a connection to development cooperation were founded.

At least one private individual was involved in the establishment of 76 per cent of foundations (n=1,152). Nearly 8 per cent of the foundations were co-founded by a legal person governed by public law (n=1,152). In 23.5 per cent a legal person governed by private law (e.g. an association) was involved. Many nongovernmental organizations in the field of development policy establish foundations.

AFFILIATIONS OF FOUNDATIONS WITH COMPANIES

We have figures on three specific forms of the close connection between foundations in development cooperation and existing companies:

› Ninety-five foundations were solely established by companies or business associations (corporate foundations).
› Companies were involved in addition to other founders in the establishment of 45 foundations.
› Thirty-eight foundations own an (at least 25 per cent) share in a company.
At least one of these forms of a close connection between a foundation and a company exists in 15.4 per cent of foundations involved in development cooperation (n=1,152).

Foundations which work in development cooperation have different foundation purposes

Distribution of the main foundation purpose groups among the foundations with a connection to development cooperation (in per cent)

<table>
<thead>
<tr>
<th>Purpose Group</th>
<th>Percent</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Societal commitment</td>
<td>61,0</td>
<td>610</td>
</tr>
<tr>
<td>International issues</td>
<td>56,6</td>
<td>566</td>
</tr>
<tr>
<td>Education</td>
<td>48,6</td>
<td>486</td>
</tr>
<tr>
<td>Health and sport</td>
<td>27,1</td>
<td>271</td>
</tr>
<tr>
<td>Science</td>
<td>24,5</td>
<td>245</td>
</tr>
<tr>
<td>Art and Culture</td>
<td>20,4</td>
<td>204</td>
</tr>
<tr>
<td>Environment</td>
<td>18,6</td>
<td>186</td>
</tr>
<tr>
<td>Religion</td>
<td>16,0</td>
<td>160</td>
</tr>
<tr>
<td>Private Benefit</td>
<td>0,7</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100,0</td>
<td>1000</td>
</tr>
</tbody>
</table>

With 61 per cent, ‘Society and engagement’ makes up the largest main foundation purpose group. It includes child and youth services, public welfare, disaster prevention and emergency services, equal rights for women and men plus civic engagement, among other issues. Development cooperation is part of the main purpose group 'International matters’, which is ranked second with 56.6 per cent. Development cooperation is (at least one) statutory purpose according to the tax code for 48.8 per cent of foundations (n=1,766). Yet engagement in development cooperation does not require this purpose to be specified in the charter. Nearly any foundation can become engaged in this area, e.g. in the context of global learning (see p. 7 or ch. 3 in the Report).

The foundations in development cooperation cover a wide range of fields. Moreover, the foundations typically support not only development cooperation. Only for 4.6 percent of them (n=1,766) is development cooperation the sole statutory purpose.

Nearly one in four foundations in development cooperation spends less than EUR 10,000 per year.

Share of Foundations in spending classes, in euros (in per cent)

<table>
<thead>
<tr>
<th>Spending Class</th>
<th>Percent</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>10,000,000 and more</td>
<td>5,0</td>
<td>50</td>
</tr>
<tr>
<td>2,000,000 – 10,000,000</td>
<td>9,3</td>
<td>93</td>
</tr>
<tr>
<td>500,000 – 1,000,000</td>
<td>4,6</td>
<td>46</td>
</tr>
<tr>
<td>100,000 – 500,000</td>
<td>16,3</td>
<td>163</td>
</tr>
<tr>
<td>50,000 – 100,000</td>
<td>8,8</td>
<td>88</td>
</tr>
<tr>
<td>10,000 – 50,000</td>
<td>31,7</td>
<td>317</td>
</tr>
<tr>
<td>below 10,000</td>
<td>24,0</td>
<td>240</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100,0</td>
<td>1000</td>
</tr>
</tbody>
</table>

Only about one in five foundations spends more than EUR 500,000 per year. Almost all foundations pursue several purposes, therefore only part of their funds is spent on development cooperation. The foundations whose only statutory purpose is development cooperation tend to be small: 70 per cent of them spend less than EUR 10,000 per annum (n=23). Three of these 23 foundations spend over EUR 200,000 per year. All three of them only donate funds, supporting projects of German nongovernmental organizations abroad.

The distribution of the spending classes does not tell us how much in foundation funds actually goes into development cooperation. From a strictly financial point of view, foundations play a minor role in development cooperation compared with government spending (2014: EUR 12,486 billion). Large NGOs spend larger amounts on projects than foundations.

In what regions do foundations in development cooperation operate?

About 34 per cent of foundations (n=1,331) state that they work globally or are engaged in developing countries. Often, however, these foundations only work in one country due to limited capacities, even if their charter would allow them to operate in several countries. Consequently, it is impossible to make precise statements as to how many foundations are currently active in a specific continent (let alone country). Yet the existing data suggests certain tendencies.

Seventy per cent of foundations in cooperation development have a connection to the African continent. This group is composed of foundations that operate worldwide or in several continents or exclusively in Africa or an African country, or that plan to do so. A total of 18.4 per cent of the foundations in the field of development cooperation (n=1,331) work exclusively on the African continent.

Many foundations focus on individual countries in their work, or even just one region or village. The
Association of German Foundations has data from one-third of the foundations working in development cooperation concerning countries in which they operate or where they subsidize projects. The country most frequently mentioned is India (15.1 per cent, n=549), followed by Brazil (8.7 per cent), Tanzania (7.5 per cent), Kenya (6.9 per cent) and Ethiopia (5.6 per cent).

THE WORK AND PARTNERSHIPS OF FOUNDATIONS IN DEVELOPMENT COOPERATION

If we look at the engagement of foundations abroad we can identify a few basic principles, methods and tools which have become established in the field of development cooperation over the years:

1. the principle of participation,
2. the ownership principle,
3. the method of empowerment,
4. institution development and capacity building,
5. think-tanks as instruments of foundation work,
6. the project transfer method.

The engagement field of development cooperation is characterized by the high collaboration density among different organizations and government bodies. This makes sense, as the various actors have miscellaneous options and limitations – with respect both to their resources (funds, manpower, expertise) and to their access abroad. Compared with the government actors, foundations and NGOs have the advantage of being politically independent. However, at the same time they are frequently more dependent on public funds. In terms of issues and target groups, the civil society organizations are often highly specialized.

Evaluation in development cooperation: greater focus on impact

The focus on the objectives in development cooperation has changed over the years. Specifically on the part of the government, evaluations in this area have had a long tradition. They are meant to reveal whether such goals as the fight against poverty, the advancement of democracy or peacekeeping are actually achieved with the measures applied. Civil society organizations have also examined their focus on the impact of their actions for a number of years, because the question of whether initiatives of development cooperation do in fact improve the situation in developing countries keeps coming up. This is easier to determine when the focus is placed on the results rather than just the goals – especially when the impact is examined by independent experts. Projects and programmes of development cooperation should be equipped with performance indicators at the outset. Internationally this is sometimes called ‘results reporting system’. Its point is not only to gener-erate accountability but also to learn in the course of and from projects.

To spread the issue of impact even more, the North–South Bridges Foundation, in conjunction with the Berliner Entwicklungspolitischer Ratschlag, has issued pointers on impact-oriented applications. So far there have been no uniform report formats for development cooperation and no consensus on the methods of impact measurement. There is a basic consensus that different levels of impact should be examined in the assessment: micro-, meso- and macro-level. Moreover, the measurement should be adjusted for so-called ‘confounding factors’ such as developments over time, the natural course of epidemics and diseases, and autonomous learning processes in the partner countries.

QUALITY STANDARDS AND EVALUATION TOOLS

Even though there are no uniform report formats for development cooperation, the quality standards for the evaluation of development by the Development Assistance Committee (DAC) offer useful guidelines.

Relevance → Are the proper actions taken? Does the project tackle urgent problems and does it address the needs of the target group?

Effectiveness → Are the defined objectives achieved?

Efficiency → Are the objectives achieved on an appropriate budget?

Impact → Does the project have an impact in terms of development policy? Also with respect to the Sustainable Development Goals?

Sustainability → Does the project have a lasting impact?

VENRO, the Association of German Development and Humanitarian Aid Non-Governmental Organizations, believes in monitoring effects and evaluation based on the following criteria:

Usefulness → Being guided by the agreed evaluation purpose and the need for information of the intended users

Feasibility → Realistic, carefully thought-out, diplomatic and cost-conscious planning and implementation

Fairness → Respectful and fair way of dealing with the persons and groups concerned
Foundations can fund or themselves implement projects or campaigns in the field of development policy – as the activities which promote ESD or global learning are called – differ greatly from one another. Domestic work ranges from visits to meet with others in the context of town and school twinnings, to sending volunteers, to media campaigns and through to project days at educational institutions. An institution or organization that offers global learning reflects its attitudes and background, and makes them transparent: why is it important to assume a global point of view? The learners, in turn, are aided in recognizing processes in the globalized world, assessing them and developing new options for their own actions, for example changing their own behaviour as consumers. They examine their own values and points of view, thinking patterns, stereotypes and forms of racism.

DOMESTIC WORK AS A FIELD OF ENGAGEMENT FOR FOUNDATIONS – THE ADVANTAGES

Foundations can become engaged in the field of global learning in their own country and in this way contribute to international development cooperation and the realization of the SDGs:

1. Even for foundations which have not established development cooperation in their charter or whose charter confines their activities to Germany, global learning is an exciting field of engagement with a global impact.
2. Development-oriented work at home offers an excellent alternative for those who want to contribute to achieving the SDGs but lack the resources required for work abroad: the work ‘in one’s backyard’ limits the transaction costs which activities abroad would incur. This includes expenses for research, contacts and travel, for instance, which a foundation would have to lay out at the beginning and during the course of its engagement abroad.
3. Most German foundations already have excellent contacts with relevant actors in their own regions. This reduces the time and effort involved in setting up collaborations, as they often already know the proper contact partners and joint activities can be implemented relatively quickly and easily.

GLOBAL LEARNING OFFERS MANY ENGAGEMENT OPTIONS

Global learning offers many possibilities for both funding and operative foundations:

- Foundations can fund or themselves implement such initiatives as workshops, exhibitions, information events and websites to disseminate information on global issues among the public at large.
- Foundations can also support the pedagogic concept at schools, for instance by providing advanced training for teachers or instruction materials.
- Foundations can offer counselling, networking and qualification measures for various target groups.
- Foundations can support or themselves carry out media campaigns on global learning, in this way setting agendas and generating attention.
- Foundations can financially support experienced other NGOs and their projects. They leverage their
funds if the NGOs use the subsidy as co-pay (typically 75 per cent) for an application to the Federal Ministry for Economic Cooperation and Development and apply for the remaining 25 per cent as government co-pay.

› Last but not least, foundations can provide opportunities for volunteer service abroad and afterwards offer the participants a platform for sharing the experiences they have gathered in the foreign country.

It goes without saying that educational offerings on self-reflection and global responsibility are not only directed towards young people. When it comes to global learning, foundations can also address adult target groups. Vocational training and education for adults and seniors are often not as well represented in this context as education for children and adolescents. Therefore foundations that become active in this area can fill a gap.

QUALITY STANDARDS FOR DOMESTIC WORK AND GLOBAL LEARNING

In their practical education work, many foundations and NGOs apply VENRO’s quality criteria concerning education in the field of development policy. These contain elements of good education work that are applicable in all areas of education. For foundations that fund global learning projects or want to implement them in collaboration with partners, the criteria offer dependable guidance.

MORE IMPACT IN THE FIELD OF GLOBAL LEARNING

Focusing on impact also makes sense for domestic work – even though the concrete success of education work is often difficult to document. After all, global learning goes beyond conveying facts and, as a value-oriented, pedagogic concept, aims at changing awareness, attitudes and behaviours. Measuring these is no simple task. Plus, there are profound differences between pedagogic contexts – ranging from day care centres to schools, adult education and through to informal learning – and methods.

Even so, the focus on impact should play a crucial role in project planning, and funding foundations should demand it from their beneficiaries: focus on impact contemplates the positive changes or impulses that should occur among the target group and the ways in which they can be measured. This makes it much easier for foundations to assess the success of their global learning projects – because they not only look at the implementation of the project measures but measure the effects of these measures among the target groups. Over the past few years work has been done on establishing more consistent criteria for global learning, for example by defining uniform standards and including racism- and colonialism-related issues. Today, for instance, we increasingly hear the demand to make colonialism and its continuities the point of departure of learning projects. The question then is: Who has what role in the production, trading and consumer processes, how did it come to be that way and what is my position in this? The examination of historically grown privileges and a point of view that is critical of racism enhance the effect of global learning projects.

SERVICE: TIPS FOR FOUNDATIONS AND DONORS

Various contact points help to shed more light on the engagement, the local needs and on who the appropriate partners are. When a foundation wants to become active abroad, the logical first step is to establish contacts – both to local partner organizations and to other German or international actors who are already engaged in the respective country and possess pertinent expertise. For instance, thanks to its global Plan International network, the Hilfe mit Plan Foundation has access to know-how from over 70 countries – and is pleased to give advice by making this knowledge available to others. The Karl Kübel Foundation also offers its consulting service and its local structures to other foundations and accepts examination jobs concerning new projects in India, Nepal and the Philippines. Collaborating from the outset is also worthwhile. Such platforms as VENRO, the One World State Networks, Engagement Global – Service for Development Initiatives or the International Workshop within the Association of German Foundations as well as contact with the four development cooperation scouts – funded by the Ministry for Economic Cooperation and Development – provide good opportunities to do so.

BECOMING ACTIVE – HOW TO TAKE THE FIRST STEP SUCCESSFULLY

Proceeding prudently

Successful foreign engagement requires that target groups and other people concerned be involved and actively participate at a local level. Foundations should not merely pursue their own concepts but listen carefully to the local people, interview experts, analyze needs and moreover reflect on their own role in the process. Avoiding black-and-white thinking, questioning what is taken for granted, rethinking patterns of action and dealing openly with unfamiliar elements – these are challenges which foundation actors must confront, specifically in the field of development cooperation. At the same time these are factors which make this field of engagement so interesting and enriching.
Making sure a foundation possesses the necessary internal skills

A foundation moreover needs special internal skills if it wants to engage in development cooperation:
› Especially an understanding of the country in which it plans to work.
› Regional skills within the foundation, i.e. people who speak the respective national language and can deliver ‘cultural translations’.
› It may be necessary to include experts in the field in which the foundation plans to engage.
› Solid external structures, i.e. networks and local partners in order to understand the situation in the area and generate acceptance.
› The opportunity for foundation staff members to travel to the project area at regular intervals, talk to the people and see for themselves how things stand.

Finding the right cooperation partners

In addition to the shared value basis, the reputation of the potential partner organization in the respective country is important. The following questions may be helpful in making the selection:
› Is it an established organization with solid expertise in its area of focus?
› Is the partner proficient in project management, in the use of economic funds and in reporting?
› Does the organization enter into cooperation agreements on a regular basis and is it professional in collaborating with partners?
› Does it act independently of government influences? Does it tend to work with a critical NGO or rather with government agencies, for instance in order to bring about changes in legislation that have a positive impact on the living conditions of people?
› Is the partner recognized as a non-profit organization according to local laws and does it meet all requirements for international collaboration?
› Does the foundation deliberately want to give a small and innovative organization with fresh ideas and unconventional concepts a chance?
› What remains of the support in the long term, is it sustainable?

Some reservations towards engagement in development cooperation are based on an increased obligation to produce supporting documents in the realization of tax-deductible purposes abroad, as stipulated in the Fiscal Code Application Decree. In practice, this requirement is met by the submission of original receipts and the opinion of a sworn auditor in the cooperating country, so the effort involved in meeting the requirement is manageable. However, a partner organization should be able to organize its accounting professionally.

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