

GIFE—Grupo de Institutos, Fundações e Empresas



B R A Z I L

A case study of a multipurpose association serving grantmakers and grantseekers

I *Organizational Profile*

GIFE—Grupo de Institutos, Fundações e Empresas is the first grantmaker association in South America. Based in São Paulo, Brazil, the organization was officially founded on May 26, 1995, after five years of informal activities. The word GIFE is an acronym in Portuguese, which stands for “group of institutes, foundations and enterprises.”

GIFE is a nationwide association of 66 private organizations that invest, on a systematic and voluntary basis, in social programs and projects throughout the country. In 2001, it is estimated that GIFE’s members invested more than R\$630 million (630 million *reals* or roughly US\$270 million¹) in the social area. Consolidated data in Brazilian currency shows that the funds devoted to social well-being by the association’s network grew almost 16 percent for the period 1997-2000.

GIFE’s membership is very diverse; therefore, this case study deals with the development of a grantmaker association marked by the diversity of its members. Although categorizing GIFE members according to a strict breakdown remains a challenge, the association’s membership is roughly as follows: institutions that make grants only (18.2 percent), institutions that make grants and operate social projects (39.4 percent), and institutions that only operate projects (42.4 percent). Additionally, at least 10 percent of members complement their budgets by obtaining resources from third parties.

GIFE was created during Brazil’s re-democratization process. The organization was born from the effort of a handful of business and foundation leaders, who began meeting through the Community Relations Committee of the American Chamber of Commerce of São Paulo. The group soon gained an identity of its own and began holding bi-monthly meetings with the objective of developing a better understanding of the country’s social context, exchanging experiences and discussing mutual issues.

The general feeling of its members was that the Brazilian state was not able to single-handedly satisfy the country’s numerous social demands. In turn, the private initiative’s role should transcend the generation of jobs and wealth—that is, take on a greater commitment and participate directly in the search for solutions to Brazil’s social problems.

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¹Conversion based on the average dollar rate in 2001, as per Central Bank of Brazil official daily exchange rates.

In the early 1990s, a series of scandals surfaced involving philanthropic activities that linked the government and civil society, causing GIFE to rethink its status as an informal group and to reposition itself in the community. The idea evolved to institutionalize GIFE's work as a cooperation network, beginning with a definitive attempt to show the public that several serious private organizations did exist in Brazilian society. The association's representatives prepared a Code of Ethics which functioned as a coupling element around common values such as recommending that social investment practices not be misinterpreted or used as a tool for commercializing goods on the part of corporations that invested in social activities. The organization also developed Bylaws, which were approved by 25 founding members during the entity's constitution meeting.

As stated in its mission, GIFE's primary objective is "to improve and disseminate concepts and practices regarding the use of private resources for the development of well-being." Its activities encompass two major goals. The first goal is to provide members with content and tools to assist them to better fulfill their missions and, at the same time, promote or facilitate the exchange of information and experiences among members of the network. The second goal is to operate as an advocacy organization in the field of private social investment.

In practice, these two goals are achieved through the organization of conferences, lectures, courses and workshops; the production and dissemination of knowledge through publications; the gathering and disclosure of data about the sector; the development of real opportunities for meeting and the availability of electronic tools for

interconnecting the network of members; the dissemination of ideas and concepts through the press and participation in domestic and international discussion forums; and political representation in favor of causes that stimulate private social investment.

GIFE is headed by a Board of Directors composed of at least five and a maximum of 11 board-elected directors who are members of the association. It also has an Advisory Board composed of member representatives and of other renowned civil society organizations. In terms of operations, it has a staff of ten hired professionals² working in four areas: executive board, administration, information and communication, and training and mobilization.

Throughout its history, GIFE has been strongly influenced by U.S. philanthropy both in terms of financial support from U.S. foundations as well as in the development of the conceptual model for the association. In the early 1990s, the lack of regional references regarding private social investor associations led GIFE to rely on North American experiences for getting the association on its feet. Close relationships with the InterAmerican, W.K. Kellogg and Ford foundations—GIFE's main initial supporters—also connected the association with U.S. philanthropy.

As GIFE and Brazil's nonprofit sector expanded, national approaches began to develop. To be self-sustaining, GIFE has designed a strategy that gives priority to increasing the association's membership base, the sale of products and strategic counseling, as well as local funding, which also translates into encouraging members to finance projects, in addition to contributing their annual fees.

Brazil's tax legislation is still hostile to private social investment, which inhibits the development of local funding resources. Few laws encourage donations to social initiatives; the most important ones are linked to the cultural area. A comprehensive survey carried out by GIFE in 2000 indicated that, within its network of members, only 20.6 percent of the companies that make social investments, whether directly or through the foundations and other institutions they maintain, benefit from some type of tax incentive; the other 79.4 percent do so as pure donations. On the one hand, such rates demonstrate how little the government does to promote philanthropy; on the other



hand, it reveals the considerable willingness to give and sense of responsibility towards the community on the part of Brazil's private sector. Improving the legal framework in Brazil represents GIFE's key advocacy work objective.

The government's latest estimates reveal that in 1999, almost 54 million people lived below the poverty line in Brazil. Activities by private social investors have not been sufficient to overturn this situation. As such, associations like GIFE and its members work hard to expand the social investor base—which would be considerably expanded by a more favorable tax scenario—and to create successful models that can be universalized by the government.

II *Issues and Challenges of a Multipurpose Association*

Diversity among GIFE's membership has been both an asset and a liability to the organization. It is an asset in view of the wealth of information and knowledge which can be gained from each member's experiences and which becomes an advantage for the whole network. It is a liability because of the multiplicity of demands that fall on the association, triggered by the distinct stages of development, characteristics and interests of its diverse membership, which impose challenges to GIFE in terms of fulfilling its mission.

Recognition of this reality led GIFE to prioritize more encompassing themes and services, such as institutional issues that affect all members, regardless of their profile. One solution identified to meet the specific demands of diverse elements in the membership, without losing the focus on the principle of mutual help, was to stimulate the formation of affinity groups. These are groups within the network which unite organizations dedicated to the same grantmaking area or sector. Within these groups, members discuss issues related to the nature of their activities, as well as suggest and submit projects for joint development with GIFE's support. The first groups to be formed addressed sectors that involved a number of members, such as education, environment, culture, health and community development.

It is common for Brazilian grantmakers to focus on *operating* projects. There are several reasons for this. First, Brazil is a country in which the practice of charity and donations to cover emergency needs have traditionally dominated philanthropy without necessarily providing any permanent, long-term benefit to those receiving the resources. In order to change the course of history, many donors have lately preferred to allocate their resources to initiatives that are capable of promoting the target audience and that are under their control. Second, through their own projects, donors feel greater assurance regarding the use of funds, while at the same time they seek to develop innovative technologies in social investment. In other words, many try to do more and better with less. Third, in some cases, the prevailing notion is that there is more value in operating a program than in financing one.

In the opinion of certain leaders from Brazil's Third Sector, "donating" is as complicated as "receiving" resources in this country. As a result, regardless of how much GIFE was influenced by North American philanthropy, the word "philanthropy," which is widely used in the United States to express voluntary actions, was not adopted by GIFE. This is because, in the Brazilian culture, it refers to its original meaning of "love to humanity," symbolizing actions that are paternalistic and unconcerned with their real impact. The word also carries some stigma of dishonesty, an inheritance from past corrupt philanthropic institutions.

As such, although fraternity and solidarity were determining values in GIFE's constitution even before its formal existence, the association elected as its cause the promotion and dissemination of social investment. Members believed this concept better expressed the importance of pursuing results and a professionalism—traits that are ever-present in the business origins of its members—and integrated it into the organization's culture and Code of Ethics.

Another value that guided the institution in its early years was reverence for corporate citizenship. However, in the late 1990s, GIFE clearly turned its attention to private social investment.

The concept of “private social investment,” defined by GIFE as “the planned, monitored and voluntary use of private funds coming from individuals, families or corporations for projects of social interest,” allowed for the inclusion in the association of other philanthropists such as family and independent foundations.

Although GIFE is still very connected to corporate philanthropy—65 percent of its present members have strong corporate ties—it has been successful in expanding its membership base while embracing a wider audience.

III *Stages of Development*

There have been four stages of development in GIFE’s history to date. These are described in the paragraphs below.

The Informal Stage. The pre-formalization stage, 1990-95, was characterized by the coming together of people around the idea of developing social participation in the private sector and by the collective development of programs for such. Building the member network occurred in quite an intuitive manner, triggered by the interests and needs of those involved. This approach was fundamental to shaping the institutional base and linkages that would support the formal birth of the association. During this stage, GIFE’s constitution was written.

The Incorporating Stage. Between 1995 and 1998 GIFE was faced with the challenge of transforming itself from a club of leaders engaged in the social arena to becoming the sole representative of social investment in Brazil, directed primarily by corporations. The diversity of the association’s members hindered the development of consensus, especially with regard to polemic issues that required positioning and that could trigger discussion. Such situations continue to be

a challenge. In this stage, GIFE was preoccupied with finding ways to survive, defining clear roles and having a streamlined structure. “To exist” was at that moment more important than “to be.”

The Growing Pains Stage. In 1999, the increasing professionalization of the country’s Third Sector, the appearance of other associative organizations and the shift in the debate from the company’s social role to the field of corporate social responsibility, required GIFE to enter a new phase and realign itself. After all, what was the organization’s purpose? Such reflection mobilized the association’s Board of Directors, who consulted its member base and ultimately proposed to re-focus GIFE’s agenda on equipping organizations to practice private social investment.

A review of the Bylaws expanded the scope of potential members, allowing organizations initiated by personal entities or families to join. An action plan, prepared and approved by international financing entities, gave priority to benefiting members and to contracting a professional executive director with the power to manage the association. Until then, the President-Director, with the participation of other Board members, had mainly exercised that function. This was possible because the majority of members operated social projects, and thus an executive profile was, and remains, very present in the organization’s Board of Directors.

Consolidation Stage: The Beginning of a Permanent Process. The 2000-2002 period was a stage of accomplishments for GIFE that focused on serving the needs of members. GIFE’s staff developed a portfolio of activities, including workshops and courses on management tools and a national conference; a new executive office with meeting room space for members and a public library; a website that includes the association’s newsletter and an intranet for members containing exclusive services such as a list of recommended consultants and a project database; improved communication with members and the public; a survey of the entire network of members; and research studies on the profile of Brazilian grantmakers and about press coverage regarding private social investment, both of which were transformed into publications. In addition to services, advocacy actions were intensified during 2001 in the legal framework arena.



This stage, which focused on the legitimacy and sustainability of the organization, adopted a strategy of member fidelity and expansion of the association's member base. Still in progress, this strategy has been successful, although it needs some adjustments in direction. As a consequence of prioritizing GIFE's services, certain members began to perceive themselves more as clients than parties co-responsible for GIFE's construction.

Developing member consensus is a challenge that is being addressed through the growing awareness of a horizontal network concept, the strengthening of ties and the opening up of channels for more effective participation by members in the association's day-to-day activities.

GIFE's main role is now to act as an animator for the network.

Another important activity GIFE undertook at this stage was in the area of advocacy for effective public policies. History shows that GIFE has been skillful in including the private social investment cause in the national agenda through the press. However, its performance has not been up to par with regard to the fight for more favorable policies, especially in the fiscal area. Having an association that is strong in services is difficult if the social, political and legal environments are inhospitable.

In general, GIFE's more mature members, which participated in the association's creation, tend to understand more easily the importance of advocacy work, while younger members concentrate on demands for member services. Advocacy activities require the dedication of time and resources and are less tangible than the products offered in the form of services. In order to justify these activities in the budget, it is necessary to structure an action plan and couple it with a continuous and efficient communication strategy that demonstrates the relevance of GIFE's advocacy efforts to association members and to society at large.

GIFE's main challenge in this stage was to ensure the association's financial sustainability. In 2000, the association's budget totaled R\$2.14 million (2.14 million *reals* or US\$1.17 million³)—68 percent from agreements with foreign foundations to be allocated towards projects, 20 percent from event revenues, 11 percent from member annuities, and 1 percent from other donations. In 2001, the budget amounted to R\$2.02 million (2.02 million reals or roughly US\$860,000⁴)—72 percent from agreements for projects, 18 percent from member annuities, 7 percent from the sales of products and courses, and 3 percent from rent income from properties donated to GIFE and other donations. For 2002, GIFE expected to operate with a R\$1.74 million budget (1.74 million reals or roughly US\$740,000⁵)—59 percent from event revenues, sales of products and courses, 27 percent from member annuities, 8 percent from agreements with social investors for funding specific projects, and 6 percent from rent income from properties donated to GIFE and other donations.

GIFE's goal in terms of sustainability is to continue expanding the association's membership, which jumped from 42 members in 1999 to 66 members in 2002. The goal was to end 2002 with 100 members. In addition, the organization has prepared itself to provide special consulting services for a fee at the same time it continues with its strategy of raising funds for new projects.

Curiously, GIFE is experiencing the paradox of being an association poor in financial resources while it represents wealthy organizations. The leveraging of funds through its own network and the reduction of GIFE's dependency on international financing agents is an obstacle yet to be overcome. As one of its former presidents noted, GIFE was born with its feet in Brazil and its head in the United States. The present moment calls for the organization to keep its head in Brazil and its feet in the world.

³Conversion based on the average dollar rate in 2000, as per Central Bank of Brazil official daily exchange rates.

⁴Conversion based on the average dollar rate in 2001, as per Central Bank of Brazil official daily exchange rates.

⁵Conversion based on the average dollar rate in 2002, as per Central Bank of Brazil official daily exchange rates through April 30, 2002.

IV *Guidelines and Lessons Learned*

Institutional Development

- The dedication of time towards conceptual discussions and the definition of policy positions of the members is necessary and highly recommended. Even if exhausting, such discussions are the only path towards the creation of one's own culture that paves the way to forming an association, outlining the collective strengths and making it important to all its members. GIFE spent five years in this phase.
- Meeting members' needs as well as defending the association's overall social cause is essential to the success of an organization. Joining these two goals is a difficult task because they refer to areas with absolutely distinct routines, which require separate budgets and professionals with different profiles and competencies. The effort, however, is necessary since one area supports the other.
- The periodic review of the association's mission, vision and focus is a healthy and recommended effort, as are adjustments of its structure to accommodate change.
- The existence of objective and selective membership criteria, which means opening the association's doors only to credible organizations in the social area, is a crucial success factor. As the association grows, such criteria must also be revisited.

Participation in international networks of grantmaker associations significantly helps an association to obtain knowledge and an overall vision of the sector and to expand its perspectives. It also enables the association to share its experience with other organizations, creating a global critical mass for private social investment.

- Using a democratic and organized methodology to stimulate the participation of members contributes significantly to the building of ties among members. This can be done through product and service queries requested through the network and by generating a list of truly collective priorities from the membership.
- A strong member communication policy and program considerably leverages the association's work. It is necessary to be very clear in determining message, audience, timing and medium to achieve effective communications with members and others.
- The availability of tangible products for and services to members from the beginning is an important practice. Services that focus on assisting members in their daily philanthropic activities and that facilitate the interaction among members help to create fidelity and provide a sense of belonging. While the services offered should meet the immediate demands of members, they should also anticipate future demands. It is the responsibility of the association's technical staff to identify potential needs and to proactively propose appropriate products.
- Apart from the products and services that cater to the management and technical staff of member organizations, the association must also remember to offer programs that serve the top executives of foundations.
- The sale of consulting/advisory services requires the formation of a competent technical team, which in turn requires investing in staff.
- Although the participation of Board members in the association's executive tasks is a sign of commitment and involvement, the best assets that such leaders can provide to an association are their macro vision and strategic thinking skills. Attention should be given to developing a Board representative of the diverse membership and providing Board members with governance empowerment mechanisms. Organizations that have an Advisory Board, such as GIFE, can stimulate such forums to act as "think tanks," defining positions on delicate issues or preparing studies about themes of major repercussion in the sector.



- To avoid conflicts of interest among members, such as in a bidding process for services, the association should establish clear guidelines and instruments that facilitate decisionmaking and the resolution of conflicts.

Financial Sustainability

- The creation of any nonprofit organization depends on the funding support from entities that understand the importance and scope such an organization seeks to present. If an entity being created brings a totally new agenda to a country, it will most probably have to rely on the initial support of foreign grantmakers that acknowledge the relevance of the work it intends to accomplish.

The sustainability of an association should be based on the following tripod: (1) member contributions (dues), (2) fees and the sales of products and services and (3) fundraising for special projects.

- Living with some deficit in fixed costs during the first few years of an association is quite normal. To fear a deficit situation and not invest paralyzes the association's implementation process.
- It is common for an association to have difficulties in fundraising from its member base in its early years. As the association grows, however, it is important that members become aware of their role and responsibility in financing the association's projects, such as the preparation of a survey, printing of a publication, maintenance of a website or other services that cost money to the association. Members must keep in mind that an association is not merely a service provider, but an organization that defends a cause and that such work needs to be financed by the association's member base.
- Grantmaker associations are nonprofit organizations that need financial support just as much as the other non-governmental organizations traditionally supported by grantmakers. As such, it is recommended that individual members find ways of providing financial support to their association.

Public Policy and Government Relations

- The formulation of more favorable public policies for the nonprofit sector depends on successful advocacy work by the association.
- Involving the top management of member organizations can be particularly productive when one wishes to influence public policy.
- Advocacy work should be done together with other representative organizations in the sector.

Media Relations and Public Education

- The media can be a strong ally in an association's advocacy work. The media is the main vehicle for public education about philanthropy.
- In order to access the press, one must be prepared. This means seeking media attention for the cause rather than the association's visibility, compiling and systemizing data about the network and maintaining contacts with the press, respecting the code of conduct that governs their work.
- Particular communications work may require the contracting of specialized professionals with appropriate contacts, skills, etc.
- Increased visibility for the cause and the association through the press is favorable both from an internal point of view, reflecting an increased legitimacy towards its members, and from an external point of view, gaining the attention of potential members and mobilizing society.
- Establishing a relationship of trust with the media is a long-term engagement which ideally culminates in the association gaining status as a reference point within the sector.
- Due to their autonomy and knowledge of the social area, associations can provide leads to the press about relevant member projects that are worthy of coverage.