



Potential of Creating a Centralized Repository of Information on Non-U.S. Based NGOs

Findings and Recommendations December 2006

Survey conducted by:



Funded by:



Table of Contents

- Overview 1
 - Background 1
 - Feasibility Study 1
 - Scope of Work 2
 - Study Approach 2
 - Presentation of Survey Results 3
 - Special Thanks 3
- Survey Highlights 4
- Conclusions and Recommendations 7
- International Grantmakers – Key Survey Findings 20
- International Grantmakers – Key Survey Findings 20
 - International Grantmaker Profile 20
 - Determining NGO Eligibility 22
 - Operations and Information Systems 24
 - Hosting and Maintaining the System 26
- NGO Leaders – Key Survey Findings 28
 - NGO Profile 28
 - Becoming Eligible to Receive a Grant from a U.S. Funder 31
 - Submitting Information to a Central Repository 34
- Service Providers - Key Survey and Interview Findings 38
 - Service Provider Profile 38
 - Client Profile 38
 - Determining NGO Eligibility 39
 - Operations and Information Systems 41
 - Hosting and Maintaining the System 44
 - Cost of Developing and Maintaining a Centralized Repository 45
 - Additional Interview Feedback from Service Providers 46
- Appendix A – International Grantmaker Detailed Survey Results 47
- Appendix B – NGO Leader Detailed Survey Results 47
- Appendix C – Service Provider Detailed Survey Results 47

Overview

Background

Following the events of September 11, 2001, the U.S. government took a number of steps to prevent terrorist groups from using or benefiting from financial and other support originating with U.S. based nonprofits and foundations. These include Executive Order 13224, the USA Patriot Act and the Treasury Department's *Voluntary* Anti-Terrorist Financing Guidelines. Collectively these actions have raised compliance concerns among U.S. foundations, especially with respect to their international grantmaking activities, whether these are carried out directly with non-U.S. grantees or indirectly through U.S.-based regranteeing organizations. In response, many have chosen to implement additional due diligence activities with respect to their non-U.S. grantees, thereby increasing both the expense and staff time required.

Among the principal areas of concern for U.S. based foundations and nonprofits are:

Equivalency determination and expenditure responsibility. These are options provided for under IRS rules that private foundations may choose if they wish to make direct grants to non-U.S. grantees. Public charities often follow these rules as well, as a good practice, although they are not required to do so. Obtaining information to meet the equivalency determination or expenditure responsibility rules can be time-consuming and expensive. Currently, each foundation or nonprofit collects this information individually, thus duplicating the process which in many cases has already been carried out by other foundations.

Checking terrorist watch lists to ensure that financial or material support is not inadvertently given to designated terrorist organizations or individuals. The Treasury Department's Office of Foreign Assets Control (OFAC) maintains the master Specially Designated Nationals (SDN) list but the *Voluntary* Guidelines reference other lists as well. At the present time those foundations and nonprofits that check the terrorist lists do so individually and no sharing of information currently takes place.

Feasibility Study

In the fall of 2005 the GE Foundation initiated discussions with the Council on Foundations about the possibility of establishing a common repository of information on non-U.S. grantee organizations that could result in a more efficient way of facilitating equivalency determination and anti-terrorism vetting by U.S. grantmakers. Subsequently the GE Foundation made a grant to the Council for a feasibility study.

Wishing to ensure that other key segments of the philanthropic community would be involved in this effort, the Council on Foundations invited representatives of the Foundation Center, Independent Sector and GuideStar to join an advisory committee to oversee the initiative. While the Council has fiduciary responsibility for the GE Foundation grant, all of these organizations have been actively involved in the process resulting in this study. Special thanks to Matthew DeCamara (GE Foundation), Rob Buchanan (Council on Foundations), Alyson Tufts (Foundation Center), Chuck McLean and Bob Ottenhoff (GuideStar), and Nadine Jalandoni (Independent Sector).

In Spring 2006 Information Age Associates (IAA) was engaged to conduct the feasibility study, develop a written report and make a presentation to the project's advisory committee.

Scope of Work

IAA was engaged to conduct a survey of U.S.-based international grantmakers that would respond to the following questions:

Is there general agreement among international grantmakers that such a centralized repository of information would be helpful for their work?

Are there any perceived advantages or disadvantages to creating a centralized repository of information?

What specific features or content of the repository would be most useful?

What organizations would be the principal sources of pertinent information for the repository, and would they be willing to share the information for other organizations to use?

What are the major obstacles/problems that prevent organizations from sharing their information, if any?

Would organizations involved in international grantmaking feel comfortable using information obtained by other funders?

Based on the survey, IAA has offered recommendations on the operational aspects of the repository of information, including:

Which organizations would be most appropriate to host the repository?

How would the repository be updated and what are the other major operational tasks involved in maintaining the repository?

How long before the information is outdated?

Should there be a screening process put in place before documents are uploaded on the repository – what should the guidelines be?

Should access to the repository be free or on a fee-for-service basis? If the latter, what would be an appropriate fee?

Study Approach

In summer 2006 IAA and the project advisory committee:

Clarified the purpose and scope of the feasibility survey.

Developed lists of a cross-section of U.S.-based international grantmakers, public charities, and service providers.

Developed three different surveys targeted to international grantmakers, NGO leaders, and service providers that either offer services to international grantmakers and/or serve as information clearinghouses.

In late summer and fall 2006 IAA:

Conducted on site meetings and in-depth interviews with the six service providers and data clearinghouses that chose to participate.

Field tested the online surveys and refined them.

Worked closely with members of the project advisory committee to broadly publicize the feasibility study project and the three surveys via e-mail, announcements on the USIG Web site, International Dateline, Philanthropy News Digest, FN&C Now, and at multiple meetings and national conferences.

Published all three Web-based online surveys.

Responded to clarifying questions and expressions of interest from survey respondents worldwide.

Contacted active international grantmakers and requested their assistance in identifying NGO leaders to participate in the study.

Worked with members of the project advisory committee to send follow-up participation requests to all international grantmakers and service providers to participate in the survey.

Tabulated all three sets of survey responses and analyzed the results. (Appendix A-C).

Conducted follow-up research on costs, salaries, benefits, etc.

Developed the final report including findings and recommendations.

Presentation of Survey Results

Complete survey responses are presented in the Appendix of this report.

Multiple responses from the same organization have been either consolidated or counted individually for one foundation with large programs in different regions of the world.

Typos have been corrected for clarity. Selected comments that were most relevant to the focus of this feasibility study are underlined.

The study's confidentiality of information policy was described to all survey respondents prior to their participation. As a result, the published survey results include aggregated responses and tabulated results. Text responses have been included verbatim except for references to organization names which have been replaced with XXXXX.

Special Thanks

We would like to express special thanks to the following organizations that provided valuable assistance designing and testing the surveys, and encouraging participation by grantmakers and NGO leaders worldwide.

Appleton Foundation
Asia Foundation
BP Foundation
Bell South Foundation
C.S. Mott Foundation
Carnegie Corporation of New York
Community Foundation Silicon Valley
Conrad N. Hilton Foundation

Council on Foundations
Foundation Center
GE Foundation
GuideStar
Helen Bader Foundation, Inc.
Independent Sector
Tides Foundation

Survey Highlights

1. **Broad-based participation.** 79 U.S. based grantmakers, 56 NGO leaders with operations in 59 countries, and 9 international giving service providers participated in the study.
2. **High volume of international grantmaking.** The 79 international grantmakers who participated in the survey and their contracted regrating organizations processed 34,452 applications, and made 11,447 grants in 91 countries totaling US\$ 1.29 billion in 2005.
3. **International giving increased.** The Foundation Center's 2006 International Grantmaking Update http://foundationcenter.org/gainknowledge/research/pdf/intl_update_2006.pdf reports that from 2002 to 2005, adjusted for inflation, international giving climbed nearly 12 percent, far surpassing the 2 percent gain in overall giving. International giving service providers in this NGO feasibility study also report annual increases in donations to non-U.S. based NGOs.
4. **NGO equivalency determination and vetting by grantmakers is very expensive.** In 2005 the 79 grantmaking organizations that participated in the survey spent an estimated \$2.9+ million and the four international giving service providers that reported spent an estimated \$1.1 million for these services in 2005.
5. **NGOs are requested to provide lots of different information.** 63% of NGOs reported that "Many U.S. grantmakers ask us to provide different information about our organization and contacts."
6. **Difficulty understanding and complying with U.S. regulations.** 53% of NGOs reported that "U.S. government regulations about nonprofit equivalency are hard for us to understand and comply with."
7. **Some NGOs are not providing nonprofit eligibility and/or USA Patriot Act information.** The service providers reported that up to 20% of NGOs "Do not respond to nonprofit eligibility and/or USA Patriot Act information requests."
8. **Information usually not verified.** Very few grantmakers conduct regular independent verification of the validity and authenticity of either equivalency determination (ED) or expenditure responsibility (ER) information provided by non-U.S. based NGOs. 28% never do this, 25% rarely and 20% only sometimes.
9. **No difference in vetting standards.** 70% of international grantmakers report no difference in the standards they use to vet NGOs for eligibility, anti-terrorism or money laundering.
10. **Very little information sharing.** 83% of service provider equivalency determination (ED) and/or expenditure responsibility (ER) processes currently do NOT permit sharing of compliance information among different grantmakers who support the same non-U.S. based NGO.
11. **Centralized repository seen as a significant benefit.** 90% of NGOs, 86% of grantmakers, and 75% of service providers agree that the "availability of a centralized repository containing up-to-date vetted nonprofit information would be a significant benefit."

12. **Favor establishing a centralized repository.** 76% of grantmakers and 74% of service providers would favor establishing a centralized repository of non-U.S. based NGO information.
13. **A centralized repository would streamline the process.** 87% of NGOs, 79% of grantmakers and 75% of service providers agree that “The existence of a centralized repository would streamline the process of NGOs becoming eligible to receive grants.”
14. **Over two thirds of grantmakers agree to provide information to a central repository** with the consent of each non-U.S. based NGO.
15. **Almost all NGOs agree to submit information to a repository.** 98% of NGOs report that “We would submit key information about our organization and officers to a central repository and keep it up-to-date.” However, it will probably be a major challenge for NGOs to keep this information up-to-date.
16. **NGOs prefer central reporting vs. directly to individual grantmakers.** 86% of NGOs report that “We would prefer to submit our NGO information to a centralized repository rather than to each grantmaking organization individually.”
17. **Grantmakers and service providers agree on the major challenges and obstacles** to establishing and maintaining a repository. These include:
 - Establishing consensus and enforcing standards
 - Support and cooperation among foundations
 - Collecting and maintaining information up-to-date
 - Establishing a trusted source of accurate, reliable and audited information
 - Buy-in and use by NGOs
 - Getting an IRS letter ruling
 - Repository staffing, qualifications, and knowledge
 - Privacy laws, security and NGO trust
 - Shielding grantmakers from potential liability issues
 - Assisting some NGOs with document translation
 - Initial system development and ongoing operational costs
18. **Most grantmakers agree on the types of organizations that would be best qualified and positioned to host an NGO repository.**
 - U.S. based non-profit organization that currently serves as an online repository of NGO information
 - Non-profit philanthropic service bureau
19. **Support of a sliding scale membership fee.** 72% of grantmakers and service providers agree that “Any annual repository membership fee should be based on an appropriate sliding scale.”
20. **Leadership organization support is a key factor.** 76% of grantmakers agree that “The endorsement of a centralized repository by the Council on Foundations, The Foundation Center, GuideStar and Independent Sector would be a key factor in our deciding to use the system.”

21. **IRS letter ruling is a key factor.** 77% of grantmakers and 72% of service providers report that “An IRS letter ruling that would approve the centralized repository would be a key factor.”
22. **Potential for grant support.** 21% of grantmakers report that “Such a repository would be so beneficial that we would consider providing grant support.” 55% say that they “Don’t Know” possibly because they need more specific information before deciding.
23. **Estimated costs.** Estimated startup costs (assuming the use of existing infrastructure) ranged from \$100,000 - \$900,000 and estimated annual operating costs of from \$200,000 – \$400,000. These rough estimates may be low since none of the service providers had any system requirements or volume estimates.

Conclusions and Recommendations

This section provides Information Age Associates' independent conclusions and recommendations concerning the feasibility of creating a centralized repository of information on non-U.S. based NGOs. This has been based on a review of the survey data, in-depth interviews with all of the major international giving service providers, interviews with international grantmakers, and communications with NGO leaders worldwide.

1. Is there general agreement among international grantmakers, NGO leaders and international giving service providers that such a centralized repository of information would be helpful for their work?

Yes, there is a very high level of agreement among international grantmakers, NGO leaders and service providers that a centralized repository would be beneficial.

76% of grantmakers and 74% of service providers would favor establishing a centralized repository of non-U.S. based NGO information.

87% of NGOs, 79% of grantmakers and 75% of service providers agree that “The existence of a centralized repository would streamline the process of NGOs becoming eligible to receive grants.”

98% of NGOs report that “We would submit key information about our organization and officers to a central repository and keep it up-to-date.”

86% of NGOs report that “We would prefer to submit our NGO information to a centralized repository rather than to each grantmaking organization individually.”

21% of the surveyed grantmakers indicated that it could be so beneficial that they would consider providing grant support. 55% responded “Don’t Know” about grant support pending more information about such things as who would host the repository, what services it would provide, membership fee structure, and agreement by NGO leaders.

Despite broad-based agreement that a repository would be helpful to their work, both grantmakers and service providers identified a common set of obstacles and challenges that would need to be overcome. These are identified in the answer to question 5 below.

2. Are there any perceived advantages or disadvantages to creating a centralized repository of information?

Advantages

Establishment and maintenance of nonprofit equivalency reporting standards.

Streamlined process and improved efficiency for grantmakers and grantseekers.

Reduced duplication of effort.

Reduced costs to grantmakers and NGOs.

Essential online information in multiple languages to improve information dissemination and support services to non native English speaking NGO staff.

Online tool for NGOs to report and convert financial information into US\$.

Potential approval of a standard process by the U.S. Treasury Department

Leadership and continuing support by the Council on Foundations, the Foundation Center, GuideStar and Independent Sector.

Can be used for research and to track trends in international giving.

Disadvantages

Unless the repository is able to provide the necessary support services then it may disadvantage the smaller, newer NGOs with staff who are not fluent in English and others that don't have the capability to provide and maintain all required information.

The repository may establish higher standards than those of some grantmakers and some NGOs may not be willing or able to meet them. Grantmakers that prefer their own standards would opt not to use the repository.

Some NGOs may not opt to submit information to a centralized repository due to concerns about privacy and data mining.

Some grantmakers may not be comfortable relinquishing control and oversight of the vetting operation.

If the information contained in the repository is not maintained up-to-date then it won't be usable.

A single service provider may not have all of the necessary experience, knowledge, expertise, leadership and systems to establish and maintain the repository and meet the required standards.

3. What specific features or content of the repository would be most useful?

The repository should focus on providing essential basic services to acquire and maintain up-to-date equivalency determination and expenditure responsibility credentials and conducting daily watch list reviews of all NGO-submitted organization and contact information.

The repository should not provide in-depth in-country due diligence, proposal development assistance or verification and evaluation services concerning the effectiveness of the NGOs organization and programs. These expanded services should be provided by program officers and qualified international giving service providers.

A centralized repository cannot replace the grantor-grantee relationship.

The features and systems described below would enable the repository to benefit from economies of scale and make effective and appropriate use of information systems to provide cost effective services.

Portal Features and Services

- A. Onscreen and printable descriptions of U.S. nonprofit equivalency requirements and repository policies in the most common NGO languages (e.g. English, Spanish, Portuguese, French and others TBD based on frequency and member support). All portal content should be carefully written for non-English native speakers and assume that site users know nothing about U.S. nonprofit equivalency laws and regulations.

- Clear explanation of non-profit eligibility regulations and requirements
- FAQs - Frequently Asked Questions (updated regularly)
- Samples of completed documents
- NGO repository guidelines concerning operations and use of information
- Clearly specified descriptions of what services and information the repository will and will not provide
- B. Secure Web-based portal that enables authorized NGO officers to enter and maintain up-to-date information in the repository database about their organizations. The portal should contain the following:
- Required organization and contact information for equivalency determination and/or expenditure responsibility
 - Optional organization and prior/current donation (but not pledge) information
 - Copies of up-to-date documents required for equivalency determination and expenditure responsibility
- C. An easy-to-use interface is required to facilitate use and minimize support requirements. Selected NGO staff should serve on an advisory board to assist in designing, testing and continually improving the portal site.
- D. Repository staff (and consultants) with multi-language skills to answer questions by e-mail, fax, and/or phone using low-cost Voice Over IP (VOIP) Internet connection for international calls.
- E. Establishment of a repository NGO ID number to be used by all NGOs and foundations. This number may be common and shared with other repositories worldwide to facilitate interoperability and linking.
- F. Receive required NGO-provided information in multiple formats, create images and post it to the repository. This process must accommodate all NGOs, regardless of their ability to access the Internet.
- Capability for NGOs to easily upload copies of all required ED and ER documents if they are in an electronic format.
 - Capability of repository staff to receive, review and convert electronic versions of documents to PDF format and to then upload them to the repository.
 - Capability of repository staff to receive faxed versions of required documents, auto-convert them to PDF format, and then upload them to the repository.
 - Capability of repository staff to receive, scan and upload hardcopy versions of documents that are received in the mail and via overnight delivery services.
- G. Viewable history and audit trail of updates to the NGO's published information.
- H. Online Web-based tool with step-by-step instructions in multiple supported languages to create and maintain up-to-date financial reports in a standard format with the capability for the grantseeker to automatically convert foreign currencies to \$US.

- I. Automatic e-mail and batch fax notification to multiple contacts at each NGO 60 and 30 days before their repository status concerning up-to-date organization and contact information will expire, and also after it has expired. Each NGOs login screen will need to clearly display if the information is up-to-date.
- J. Automated Application Programming Interface (API) link and daily check of all submitted NGO organization and contact information using the latest anti-terrorist and money laundering watch lists (e.g. ChoicePoint Bridger Insight).
- K. Classification, onscreen display, and searchability of NGO information and status.
 - Meets all U.S. ED and or ER requirements
(NGOs that have never met these requirements and NGOs that have in the past but their status has now expired will be identified accordingly)
 - Currency of information
(i.e. Display when the information was last updated and reviewed by the NGO and the next time that this will be required)
 - Last date that the NGO's published organization and contact information was checked using the most currently published watch lists.
- L. Capability for grantmakers to view and download copies of the latest NGO information and document images via the Internet in agreed upon industry standard formats (e.g. HTML, XML, PDF).
- M. Flexible and powerful searching and reporting capability (specifications TBD).
- N. Links to other established repositories of NGO information (e.g. UK, Canada, and in-country NGO lists) with appropriate disclaimers.
- O. Annual independent audits of all operations, systems and security.

System Requirements

- P. Hosted system in an enterprise-class datacenter with:
 - Scalability and excellent performance through the use of load-balanced hardware
 - High level of hardware redundancy to ensure system reliability
 - Multiple redundant high speed data lines
 - Up-to-date virus scanning of all systems and uploaded files with auto-notification to the user if a file contains a virus.
 - Daily backups with off site data storage in a secure facility
 - High level of firewall security
 - AC battery backup with power generator for failover
 - Intrusion detection monitoring and alerting
- Q. Designed to provide good performance using low bandwidth dial-up connections.

- R. Regular saving of entered portal data so that information is not lost when users encounter interruptions in Internet connectivity.
- S. Fully tested portal access using the latest released and prior versions of the most commonly used browsers for Windows PCs and Macintosh computers. (currently Internet Explorer, Firefox and Safari)
- T. Portal design that meets U.S. Government 508 accessibility requirements for users with special needs.
- U. Automated internal and external link checking to facilitate site maintenance.
- V. Integration with the most popular commercial grants management systems to enable semi or fully automated downloading of NGO data to grantmaker's systems.
- W. Use of Web Services and .NET standards to enable interoperability with other systems.
- X. Web site usage statistics and analysis to determine frequency of access of different sections and links on the portal site.
- Y. System capabilities to enable annual operational and security audits of the repository to ensure that all agreed-upon standards are being met.
- Z. Service level agreement that requires 24x7 monitoring and technical support with 99.8+ percent of scheduled availability even when users are on the system in time zones worldwide.

4. What organizations would be the principal sources of pertinent information for the repository, and would they be willing to share the information for other organizations to use?

§ NGOs should be the principal source of information.

98% of NGOs agree that “If requested by U.S. based grantmaking organizations would you provide copies of compliance documents and organization information to a centralized repository where this information would be accessible to many potential grantmakers.”

§ How to “seed” the repository without grantmaker risk. With the permission of the NGO, funders and service providers could submit existing copies of the NGO’s organization and contact information and equivalency determination documents to the central repository. This information could then be classified in a pending status for the NGO to review, update, provide additional information as required to meet the repository’s standards, and for an authorized NGO officer to then review and certify that all of the information is complete, accurate and up-to-date. Once this is accomplished the NGO would then be responsible for maintaining this information on an ongoing basis.

§ Some information sources may be the result of collaborative relationships with non-US governmental agencies, nongovernmental agencies, public charities, and service providers. This requires further exploration to identify real opportunities and to prevent reinventing the wheel and duplicating efforts. Following are some possible sources.

- In our interviews some of the international giving service providers (see Appendix C) expressed interest in making their NGO data available for a fee or via reciprocal links.

- The UK Charities database includes information on thousands of NGOs worldwide <http://www.charity-commission.gov.uk/registeredcharities/first.asp>.
- The European Union funded TRIALOG NGO database <http://www.trialog.or.at/start.asp?m=5> currently consists of basic information about 555 NGOs from EU countries, accession countries and developing countries.
- Existing and emerging in-country NGO databases.
- The College of William & Mary Project Level Aid <http://mjtier.people.wm.edu/intlpolitics/aid/>

§ Some international grantmakers were either reluctant to share information that they collect or to use information provided by grantmakers for the reasons cited in the next section.

5. What are the major obstacles/problems that prevent organizations from sharing their information, if any?

§ Lack of clarity, consensus and agreement about information gathering and vetting standards by international grantmaking organizations.

§ Advice by legal counsel that under current Treasury department guidelines that each grantmaking organization must vet NGOs themselves. The use of a third party is not currently considered permissible.

§ Concern about information being up-to-date and confidence in the quality and consistency of NGO organization and contact information gathered by other funders.

§ No current practical means (either operational procedures or information systems) to share NGO information.

§ Belief by some staff with current responsibility for NGO vetting and organizations that provide this value-added service that “nobody can do it as well as we can .”

§ Most of the existing commonly used commercial grants management systems and services have not been designed to facilitate this. However, if a vendor wants to link to a central repository then this can be accomplished as many vendors have done with GuideStar. This will be even easier with next generation systems that have greater interoperability capabilities.

6. Would organizations involved in international grantmaking feel comfortable using information obtained by others?

In general no, unless:

§ There were agreed upon standards, up-to-date information, and confidence in the quality of NGO organization and contact information gathered by other funders.

§ Grantmaker liability is minimized if the information is reviewed and approved by an NGO officer vs. another funder. (See *How to “seed” the repository without grantmaker risk.* on the previous page)

7. What lessons have we learned from similar repository development projects?

- § There must be a realistic and self-sustaining business model that is paid for by a critical mass of grantmaking members from the very start. Market research needs to be conducted to identify members of a repository consortium once specifics about repository services are better known.
- § Don't underestimate the significant ongoing cost of gathering and maintaining up-to-date information. Information gathering and vetting is human intensive and very expensive. “Nonprofit data is messy. It takes much more effort the one would image to clean and manage it.” “990 data is relatively easy compared with NGO data.”
- § “Start small, do it right, and ensure that there are no slip-ups to build a solid reputation.” Focus on quality, accuracy and timeliness of information vs. volume.
- § Build a full-featured working prototype and solicit broad-based feedback and make revisions as appropriate.
- § It is very difficult to get nonprofit staff to maintain up-to-date information. GuideStar reports that only 10% of U.S. nonprofits access and update their online organization profiles. There must be strong and clear incentives, such as grantmaking repository members requiring NGOs to submit their information to the repository as part of their routine proposal submission process.
- § Focus on marketing and promotion. “Just because you build it doesn't mean that they will come.” Work closely with USIG, the Grants Managers Network <http://www.gmnetwork.org/>, and others to enlist their support, active participation and membership.

Make presentations at the COF annual conference, USIG annual member meeting, selected COF Affinity Group meetings, Independent Sector annual conference, EFC conference, and others that will be attended by a significant number of international grantmakers.

- § Be responsive to high volume members but also be sure to balance the needs of all types of users.
- § Internet users expect information to be free. Customers who pay for data have much higher expectations than those that get it for free.

8. What are some critical success factors?

- § Identify and convene potential consortium members. Start with those organizations that have already expressed interest and ones that would particularly benefit from the services of a repository.
- § Gain the support of legal counsel from key international grantmaking organizations. Identify and meet with lawyers that specialize in international grantmaking to secure their support and approval for the establishment of a repository.
- § Gain consensus to set standards. Establish a consortium and governance board consisting of some of the largest international grantmakers. Establish realistic standards that are most likely to be acceptable to a broad base of funders and the U.S. Treasury Department.
- § Establish a repository governance model. Determine how a repository should be governed and how consensus decisions should be made.

- § Identify a preferred contracting organization (not the service provider). Determine which organization should have the contract with the repository service provider and manage the ongoing business relationship.
- § Ensure financial sustainability. A repository operation is labor intensive and expensive. The market for NGO data is much smaller than for U.S.-based nonprofits. As a result there is less potential for generating revenue and sustaining a centralized repository.
 - Establish a sustainable business model with the necessary startup and ongoing funding.
 - Provide as much online assistance as possible in multiple languages.
 - Piggyback on an existing information repository’s technology infrastructure.
 - Select and hire an organization with demonstrated expertise.
- § Seek letter rulings from the Treasury Department to:
 - Review and approve of the repository’s information gathering, information maintenance, and vetting procedures as meeting the requirements of the USA Patriot Act and Executive Order 13224.
 - Approve the use of scanned and faxed documents that are stored in a central repository and downloaded to a grantmaker’s system in lieu of each grantmaker storing their own set of original hardcopies.
 - Approve the use of alternatives to an original signature in our digital age. This would enable an NGO officer to confirm online submission of NGO information. It would streamline the process and reduce the cost of the repository’s operations.
- § Consider NGOs and grantmakers as being equally important clients of the repository. Design systems and provide responsive services that reflect this. Involve NGO and grantmaker representatives in the portal design and review of operational procedures to ensure that their particular needs are being met.
- § Focus on quality of service. Measure user satisfaction through regular surveys and then allocate the necessary resources to implement the needed changes.
- § Design the system to be easy to use for non-English speakers and those with limited computer expertise. This is very important. Invest heavily in user interface (UI) design, usability testing and ongoing improvements.
- § Identify the most qualified service providers. The selected service provider must have all of the requirements to be specified in a comprehensive RFP. The proposal review and decision-making process will then identify qualified vendors if they exist. Vendors that propose the use of sub-contractors with complimentary skills should be considered.
- § Ensure a high level of quality service and oversight. Clearly specify the required quality of service in the RFP and any contract. Manage the service provider and conduct annual audits.
- § Ensure that there is a real WIN-WIN-WIN for everyone. NGOs and grantmakers must both find that the use of the repository is clearly preferred to their current approaches. The hosting service provider would need to see that this is a strategic opportunity that expands their services and leverages their existing technology infrastructure.

- § Encourage NGOs to enter and maintain complete up-to-date information about their organizations. Require that repository members contact their grantseeking NGOs and advise them to submit their information to the repository and maintain it up to date. This would then become a requirement for any grant application or grant renewal.
- § Establish and publish policies concerning how organization and contact information will be used.
- § Develop materials that make a clear business case to foundation leaders, legal counsel, and board members to join and support the repository.

9. Which organizations would be most appropriate to host the repository?

The organization that would be most appropriate to host the repository would need to either already have or be able to acquire all of the following:

- § Organization
 - Respected and known as an credible source of information
 - Nonprofit status to be eligible to receive grants and to increase the chances of approval by the U.S. Treasury department as a repository host
 - Financially sustainable
 - Long term commitment to developing and maintaining a repository
 - Hosting an NGO repository is a good fit with their organization’s mission and business model
 - Strong internal controls to ensure that all repository standards will be met
 - Track record of annual financial and operational audits with positive findings
 - Cost effective operations
- § Staff Knowledge and Expertise
 - Strong leadership with good business and managerial skills
 - Staff with multi-language skills and cultural awareness
 - Complete understanding of the foreign equivalency requirements, USA Patriot Act and Executive Order 13224
 - Familiarity with and the ability to obtain expert advice as needed on nonprofit law and regulations in a broad range of countries worldwide
 - Demonstrated expertise and track record vetting and maintaining key information on international nonprofits
 - High level of attention to detail
 - Subcontractor monitoring and accountability
 - Web-based system and user interface design skills
- § Support Services
 - Track record of providing a high level of user support and satisfaction
 - Soliciting user feedback and using this information for continuous process improvement
 - Service level agreements that have consistently been met

§ Systems

- Availability of secure, well designed Web-based portals
- High level of system performance, availability, redundancy and security
- Integration of internal and external systems to automate labor intensive processes
- Support existing and emerging technology and information standards

If no existing international giving service provider or information repository currently has all of these capabilities, then they should be encouraged to partner with an organization that has the complimentary skills and resources. Such a relationship must clearly identify the primary service provider with overall responsibility and accountability for the repository's operation and who is the sub-contractor.

A comprehensive Request for Proposal (RFP) should be created to solicit proposals from organizations to establish, design, host, maintain and provide ongoing support to users of a centralized repository of NGO information.

An independent proposal review board with no conflicts of interest should be carefully chosen and selection criteria agreed upon in advance. Proposals should then be reviewed and research conducted to confirm the qualifications of the finalists. This approach would enable the identification and selection of the organization(s) that are best qualified to provide this service to NGOs and grantmakers. It will also provide a more accurate understanding of the repository's fixed and variable startup and ongoing costs.

10. How would the repository be updated and what are the other major operational tasks involved in maintaining the repository?

This includes but is not limited to:

- § All information should be updated and certified as complete and accurate by an authorized NGO officer.
- § As much data as possible should be entered, reviewed and updated online using a Web browser.
- § Electronic versions of equivalency determination and expenditure responsibility documents should be uploaded via the Internet whenever available.
- § Documents that NGOs don't have in electronic format should be sent to the repository via fax or in hardcopy for conversion to digital format and uploading by repository staff.
- § Maintain up-to-date FAQs for all users in multiple languages.
- § Provide e-mail, telephone and fax support to NGOs and grantmakers.
- § Run daily watch list checks on all organization and contact names to identify and research suspected matches. Conduct research to identify false positives.
- § Send e-mail and/or batch fax reminder notifications to NGOs before, when, and after their annual currency status expires.

11. How long before the information is outdated?

Every 12 months.

- § 52% of international funders verify information with each new request and 20% do this annually.
- § 57% of service providers require non-U.S. based NGOs to verify or resubmit updated compliance and contact information every 12 months.

Annual updating would be as good if not better than what most grantmakers do today. This could be a key factor in getting a letter ruling from the U.S. Treasury Department for grantmakers' use of a centralized repository.

12. Should there be a screening process put in place before documents are uploaded to the repository – what should the guidelines be?

Yes, a screening process will be important.

- § Documents should be screened for completeness, legibility and adherence to all equivalency determination and expenditure responsibility content requirements.
- § Repository staff should verify the information submitted online and in documents using selected publicly available sources such as the UK Charity Commission database, in-country charity registries, and other sources as available and appropriate. This would be a higher level of screening that most grantmakers are doing today.
- § Determine if images of the original and translated versions of documents should both be maintained in the repository.

13. Should access to the repository be free or on a fee-for-service basis? If the latter, what would be an appropriate fee?

Repository access should be free to NGOs and on a fee-for-service basis for funders to ensure sustainability.

Consider members paying a bond to join the repository, an annual membership fee, and a use fee based on an appropriate sliding scale fee. Seek foundation grants for all of the startup costs.

A la carte pricing of services won't work.

Some grantmakers are already accustomed to paying annual membership fees, and subscriptions services to access online information repositories (e.g. the Foundation Center, GuideStar), fees for NGO vetting (CAF America, CreateHope, Foundation Source, JK Group, United Way International) and research services (e.g. KPMG, Global Impact) on a fee for service basis. Research these fees and pricing models to determine if any can be used or adapted as an appropriate model for the NGO repository.

An appropriate fee cannot be determined until the repository's member steering committee specifies the repository's core services, proposals are received from prospective service providers, there are better estimates of a repository's fixed and variable costs, and break-even costs are determined. Once this is accomplished it will then be possible to answer the following questions:

- § What is a realistic pricing model for repository services?
- § How should membership fees be scaled?
- § How much startup funding will be required to develop and fully test all of the required systems?
- § Which grantmakers would be willing to provide the startup funding?

14. Some open questions

- § Should the repository be initially limited to equivalency determination information and then possibly expenditure responsibility information at a later date?
- § What is the minimum threshold for NGO entry into the repository? Should there be different categories of listings?
- § What can be done to make the repository as inclusive as reasonably and affordably possible?
- § Is it agreed by repository members that individual foundations should continue to provide their own grantseekers with document translation services? Should the repository ever provide this as an expanded fee-based service to requesting foundation members? If so, then for which languages and how much would this cost?
- § Should information about NGOs that were reviewed and did not meet the equivalency requirements be posted? Grantmakers want this but would this inhibit NGOs from registering?
- § Should all NGOs in the repository be required to provide a signed statement that the organization does not and will not support terrorist activities? Should this include re-granting organizations too? Can agreement be reached by repository members on the text of this statement? Or, is this better accomplished by each grantmaker individually?
- § With a funder's permission, should the repository permit NGOs to list or link to descriptions of their recently funded projects?
- § Will a significant number of international funders provide financial assistance to help NGOs of their choice to become equivalent to a U.S. nonprofit organization?
- § Who is the repository's contracting organization? Who will negotiate the multi-year contract for services with a clearly defined service level agreement?
- § What is the minimum number of consortium launch partners required to establish a repository?
- § Is it acceptable for the NGO repository's information system to use proprietary software? If so, then what contract terms would be required and acceptable?

15. What are some appropriate next steps?

1. Meet with legal counsel of the largest international grantmakers to determine their key requirements
2. Identify and meet with potential startup-cost funders
3. Identify and invite members to serve on a NGO Repository Advisory Board
4. Advisory board to establish and publish agreed upon standards for NGO participation, data collection, vetting, auditing, and system capabilities
5. Explore the potential of links to NGO information repositories in other countries
6. Decide on GO-NO GO
7. Develop detailed RFP for a repository service provider that includes the agreed upon standards
8. Send RFP to potential service providers
9. Answer RFP questions
10. Review proposals
11. Select and meet with finalists
12. Select preferred service provider(s)
13. Decide on GO-NO GO
14. Develop a business plan
15. Build a working prototype of the repository portal and invite NGO leaders and grantmakers to review the prototype and to provide feedback
16. Disseminate information and make presentations at multiple conferences to develop broad-based support
17. Project grantmaker participation
18. Revise business plan
19. Meet with U.S. Treasury department to review the business plan and to seek a letter rulings
20. Conduct follow-up meeting(s) with potential startup-cost funders
21. Decide on GO-NO GO

International Grantmakers – Key Survey Findings

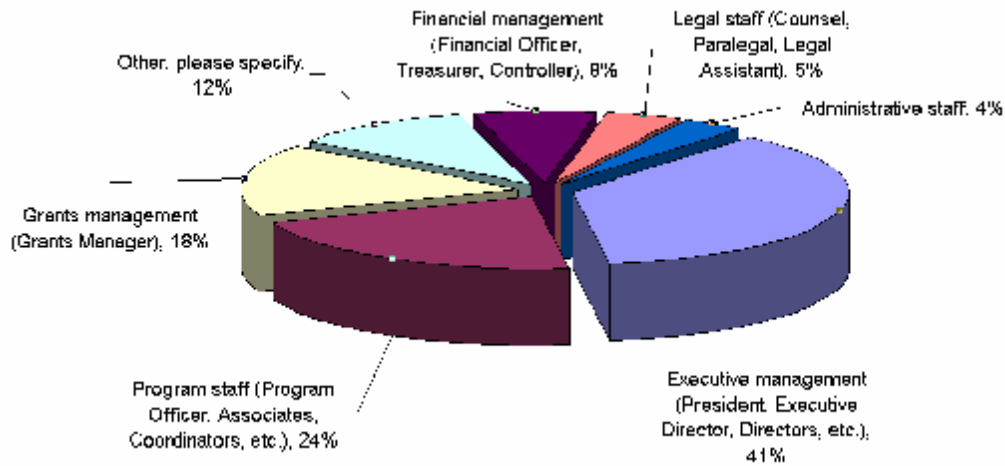
Detailed results of the International Grantmakers survey are presented in Appendix A.

International Grantmaker Profile

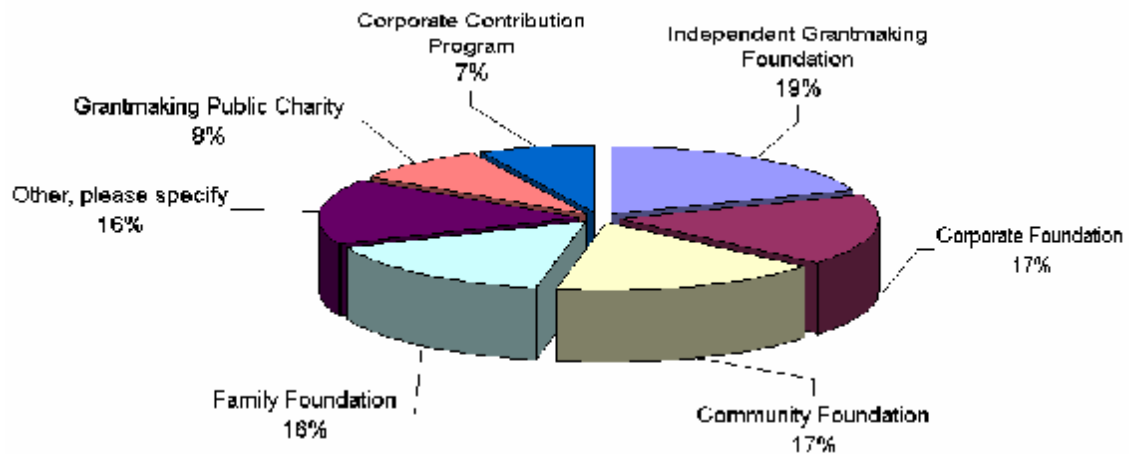
1. **Broad-based participation in the survey.** A total of 79 U.S.-based grantmaking organizations participated in the survey. (Q1)

Adirondack Community Trust	King Baudouin Foundation United States (KBFUS)
American Express	Lucent Technologies Foundation
American India Foundation	MAC AIDS Fund
Amgen Foundation	Mattel Children's Foundation
Appleton Foundation	McKesson Foundation
BP Foundation	Micron Technology Foundation, Inc.
CA, Inc.	Microsoft
Carnegie Corporation of New York	Ohio Grantmakers Forum
Cayman Islands National Recovery Fund	Peter Gruber Foundation
Charles Stewart Mott Foundation	Posner-Wallace Foundation
Chevron Corporation	Reiter & Associates, LLC
Community Foundation of Jackson County, Inc.	Rockefeller Brothers Fund
Community Foundation of the Great River Bend	Rockefeller Foundation
Community Foundation of Greater Lorain County	Rockefeller Philanthropy Advisors
Community Foundation of Wabash County	Silk, Adler & Colvin
Community Foundation Silicon Valley	The Annenberg Foundation
de Beaumont Foundation	The Antioch Company
Deshpande Foundation	The Asia Foundation
Direct Relief International	The Baxter International Foundation
Doris Duke Charitable Foundation	The Chicago Community Trust
DYHSIA	The Christensen Fund
Eaton Corporation	The Community Foundation for Greater Atlanta
El Paso Community Foundation	The Ford Foundation
ELMA Philanthropies Services (U.S.) Inc.	The Global Greengrants Fund
Firelight Foundation	The Greater Cedar Rapids Community Foundation
First Data Western Union Foundation	The Jewish Foundation of Cincinnati
Foundation for the National Institutes of Health	The Kohlberg Foundation
Fund for Nonviolence	The Kresge Foundation
GE Foundation	The McConnell Foundation
General Mills, Inc.	The Monsanto Fund
Helen Bader Foundation, Inc.	The Overbrook Foundation
Henry Jackson Foundation	The Pegasus Foundation
Heritage Fund - the Community Foundation of Bartholomew	The Pittsburgh Foundation
IBM Corporation	The Salvation Army World Service Office
International Community Foundation	The Summerlee Foundation
International Youth Foundation	The William and Flora Hewlett Foundation
J. Paul Getty Trust (Getty Foundation)	Tides Foundation
John D. and Catherine T. MacArthur Foundation	W. K. Kellogg Foundation
Johnson & Johnson	Wachovia Corporation
	Western Union Foundation

2. **Key grantmaking staff participated.** Over 40% of the survey respondents were Executive management (President, Executive Director, etc.) and 24% were Program staff. (Q4)



3. **Cross section of type of international grantmakers.** Many different types of grantmakers participated in the survey. (Q5)



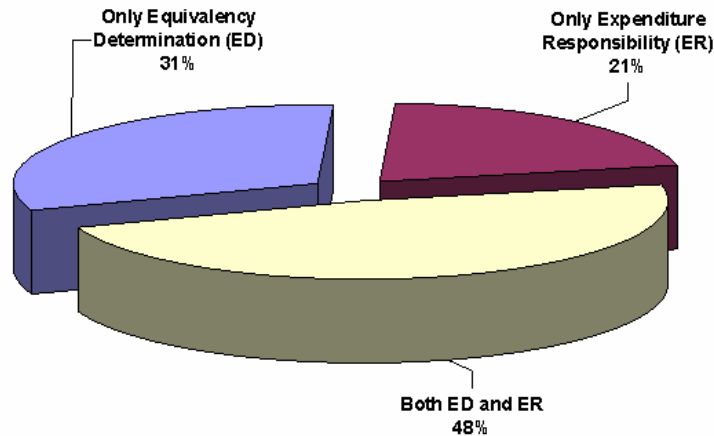
4. **Significant volume of international grantmaking reported by survey respondents.** The Foundation Center reports that in 2005 the estimated international giving by all U.S. foundations reached a record of \$3.8 billion. This survey's respondents represented about one third of this amount. (Q6, Q7)

	Number of Applications	Number of Grants	Percent of Grants per Application	Grant Amount (\$US)
Direct grants to non-U.S. based NGOs	26,897	7,205	27%	702 million
U.S. BASED nonprofit organizations that do international REGRANTING	7,555	4,242	56%	589 million
Total	34,452	11,447	33%	1.29 billion

5. **Grants made in many countries worldwide.** Grants by survey respondents were made in 91 countries of the world. (Q8)
6. **Only 4% of NGOs received grants from multiple U.S. grantmakers.** Of the 200+ NGOs that were identified as receiving grants by U.S. grantmakers only 8 (4%) received grants from multiple funders. (Q9)

Determining NGO Eligibility

7. **ED and ER rules about equal.** Equivalency determination (ED) and expenditure responsibility (ER) eligibility rules are used about equally. (Q10)



8. **Feedback about USA Patriot Act rules.** Comment and feedback from NGOs about USA Patriot Act rules were provided in the following order of frequency: (Q11)

Time, workload and complexity

Understanding different standards, requirements and processes

No expressed concerns

Language translation and currency conversion

Privacy of information and discrimination

9. **Lack of ED document consistency.** Foundations require a variety of documents from NGOs to comply with the Treasury department guidelines for equivalency determination (ED). (Q12, Q13)
10. **Lack of ER document consistency.** Foundations require a variety of documents from NGOs to comply with the Treasury department expenditure responsibility (ER) guidelines. (Q14, Q15)
11. **Officer and board names commonly requested.** For anti-terrorist and money laundering vetting, names of officers and board members (82%) are commonly requested. There is considerable diversity about what additional information is requested. (Q16, Q17)
12. **Half require signed anti-terrorism statements.** A signed statement that the organization does not and will not support terrorist activities is required 50% of the time. (Q16)
13. **Consistency of watch list name checking.** Organization name (68%) and officer/staff member names (55%) are checked against watch lists more often than board/trustee members (41%). (Q18)
14. **Information usually not verified.** Very few grantmakers conduct regular independent verification of the validity and authenticity of either ED or ER information provided by non-U.S. based NGOs. 28% Never do this, 25% Rarely and 20% Sometimes. Those that do report accomplishing this selectively via multiple means. (Q19, Q20)
15. **Vetting usually occurs upon initial consideration and prior to all payments.** Organization and contact data vetting occurs most often upon initial consideration of a grant request (42%) and prior to each payment (47%). (Q21)
16. **No difference in vetting standards.** 70% of international grantmakers report no difference in the standards they use to vet NGOs for eligibility, anti-terrorism or money laundering. (Q22)
17. **Some grantmakers provide different supporting services to NGOs.** Many different services are provided by some foundations to NGOs to assist them to become eligible to become qualified to receive grants. While 39% of foundations provide no additional assistance, some foundations provide the following services: proposal development assistance (34%), document translation (26%), administrative services (14%), legal assistance (11%), and fund raising (11%). (Q23)
18. **1-4 month lapse time for grantmaker equivalency determination.** It typically takes from 1-4 months for an NGO to complete the international grantmaker's process to become eligible to receive a grant. This is longer than for grants made through service providers who report usually completing this process in 1-2 months. (Q24)
19. **Contact and compliance information verified regularly.** Grantmakers typically require NGOs to verify or resubmit updated compliance and contact information with each new funding request or proposal (52%) and/or every 12 months (20%). (Q25)
20. **Documents received in many languages.** A significant number (38%) report receiving ED and ER documents in many different languages. Spanish, Portuguese and French were the most common. (Q26)
21. **Two thirds of grantmakers agree to provide information to a central repository.** Most (67%) respondents agree to provide copies of compliance documents to the centralized repository with the consent of each non-U.S. based NGO. (Q27)

Operations and Information Systems

22. **NGO equivalency determination and vetting by grantmakers is very expensive.** 57% of grantmakers report that 25% of a staff position is dedicated to these specific functions and 21% report that 2+ staff positions are required. (Q28)

Assuming a median salary of \$56,000 per staff member (as reported in the 2005 Grants Managers Network salary survey) and \$14,500 in benefits (26% rate of salary in the COF 2005 Grantmakers Salary and Benefits Report), then it is estimated that the 56 grantmaking organizations that participated in the survey spent more than \$2.9 million for these services in 2005. (Q28)

NOTE: This is a low estimate because 12 survey respondents advised that they had 2+ staff positions dedicated to this task. Consequently, we don't know the actual number. For the purpose of our cost estimate we assumed this to be only 2 positions each, however in actuality this is likely to be more.

23. **NGO access and proficiency using online Web-based systems will be an obstacle for some.** Grantmakers estimate that only 44% of NGOs have a Very High or Good access and proficiency while 12% are estimated to be either Poor or Very Poor. (Q29)
24. **Basic access technology requirements.** Grantmakers advise that repository data needs to be provided in one of the following two ways: (Q30)

VIEW - Store electronic copies of all previously submitted NGO eligibility documents plus their organization and contact information online so that it can be easily accessed and referenced.

DOWNLOAD - Capability to download all of a NGO's latest submitted nonprofit eligibility documents plus their organization and contact information.

NOTE: Integration with grants management systems was not rated as highly by the foundation management and program officers. It is very likely that the staff members (e.g. grants managers) who would be downloading data from the NGO repository would rate Integration higher.

25. **Strong grantmaker provider support for a repository.** Grantmakers expressed overall interest and support of a centralized repository as follows: (Q31)

<i>Top number is the count of respondents selecting the option. Bottom % is percent of total respondents selecting the option.</i>	Strongly Agree	Agree	Don't Agree	Strongly Disagree	Don't Know
The availability of a centralized repository of vetted non-U.S. based NGO information would be a significant benefit to U.S. philanthropy.	36 45%	33 41%	3 4%	1 1%	7 9%
We would favor establishing a centralized repository of non-U.S. based NGO information.	29 36%	32 40%	4 5%	1 1%	14 18%
We would probably become a member of the repository and use it instead of our existing non-U.S. based NGO vetting process.	8 10%	28 35%	11 14%	6 8%	26 33%

<i>Top number is the count of respondents selecting the option. Bottom % is percent of total respondents selecting the option.</i>	Strongly Agree	Agree	Don't Agree	Strongly Disagree	Don't Know
Any annual repository membership fee should be based on an appropriate sliding scale.	19 23%	40 49%	5 6%	2 2%	15 19%
We would encourage all non-U.S. based NGOs seeking grants from us to submit their information to the central repository.	15 19%	35 44%	8 10%	4 5%	17 22%
The existence of a centralized repository would streamline the process of non-U.S. based NGOs becoming eligible to receive grants	22 28%	41 51%	5 6%	1 1%	11 14%
NGOs would prefer to submit their information to a centralized repository.	7 9%	13 16%	12 15%	3 4%	44 56%
We would be willing to share our non-U.S. based NGO eligibility information with a centralized repository.	10 13%	34 45%	5 7%	3 4%	23 31%
The endorsement of a centralized repository by the Council on Foundations, The Foundation Center, GuideStar and Independent Sector would be a key factor in our deciding to use the system.	23 29%	37 47%	5 6%	2 3%	11 14%
An IRS letter ruling that would approve the centralized repository would be a key factor in our decision to become a member.	38 49%	22 28%	6 8%	1 1%	11 14%
Such a repository would be so beneficial that we would consider providing grant support.	4 5%	12 16%	13 17%	6 8%	42 55%

NOTE: In the table above, 33% of grantmakers reported that they “Don’t Know” about becoming a member. In follow-up meetings and interviews with grantmakers many explained that they couldn’t make an informed decision about this until they had specific information about the repository’s services and membership cost.

26. Major challenges and obstacles. Grantmakers identified the following major challenges and obstacles in the following order of frequency: (Q32)

Currency of information

Trusted source of accurate and reliable information

Establishing consensus and enforcing standards

Buy-in and use by NGOs

Getting an IRS letter ruling

Repository staffing, qualifications, and knowledge

Privacy laws, security and NGO trust

Cost

Document translations

Decision making and internal approval

Hosting and Maintaining the System

27. **Best qualified and positioned to host and maintain a centralized repository.** There was significant agreement among grantmakers that the following types of organizations would be best qualified and positioned to host and maintain a centralized repository of non-U.S. based NGO information: (Q33)

U.S. based non-profit organization that currently serves as an online repository of NGO information.

Non-profit philanthropic service bureau.

Top number is the count of respondents selecting the option. Bottom % is percent of total respondents selecting the option.	Definitely Consider	Might Consider	Probably Would Not Consider	Definitely Would Not Consider	Don't Know
U.S. based non-profit organization that currently serves as an online repository of NGO information	42 54%	29 37%	2 3%	0 0%	5 6%
Non-U.S. based non-profit organization that currently serves as an online repository of NGO information	10 13%	27 36%	27 36%	5 7%	6 8%
Non-profit philanthropic service bureau	15 19%	48 62%	4 5%	2 3%	8 10%
For-profit philanthropic service bureau	2 3%	41 55%	20 27%	6 8%	6 8%
For-profit workplace giving service provider	0 0%	21 28%	33 45%	7 9%	13 18%
For-profit grants management application software and/or service provider	1 1%	32 43%	23 31%	8 11%	11 15%

28. **Selection criteria.** If a central repository were established, the key criteria that should be used in selecting an organization to develop, host and maintain information about non-U.S. based NGOs were described in the following order of frequency: (Q34)

Respected, reliable, trusted and credible

National reputation

Independent and unbiased

IRS approved

A thorough knowledge of IRS, Treasury and U.S. Patriot Act, Executive Orders and requirements for international grantmaking for all types of U.S. grantmakers.

Familiarity with or ability to obtain expert advice on nonprofit law and regulation in a broad range of countries outside the U.S.

Can handle communication in multiple languages

Demonstrated expertise as an information clearinghouse and ensuring the integrity and security of information

Stable and successful with a long term commitment to developing and maintaining a repository.

Demonstrated technological expertise

Diplomacy and ability to work in sensitive areas

Transparent and accountable

Has all of the necessary resources to succeed

NGO Leaders – Key Survey Findings

Detailed results of the NGO Leader survey are presented in Appendix B.

NGO Profile

1. **Broad based NGO survey feedback.** 56 NGO leaders from around the world responded and provided extensive feedback about a centralized repository of NGO information. (Q1)

Action For Children	Hera Women`s Club
Adoration Ministries Enugu Nigeria (AMEN)	Interights
Alfabetização Solidária (Solidarity in Literacy)	International Spinal Research Trust
Allavida - Alliance Magazine	International Women's Development Agency
Association des Femmes Gourcy	Isha L'Isha--Haifa Feminist Center
Association for the Prevention of Torture	Jari Aceh
Association of War Affected Women	Kalyanamitra Foundation
Barnardo's	Lupwa Lwabumi Trust
CAMMAC	Medair
Cancerbackup	Medical Aid for Palestinians
Casa de Apoio da Pastoral da Saúde da Granja Viana	Merlin
Centre for Civil Society	Moiwana Humanrights organization Suriname
Centro Mujeres AC	NRMA Careflight
Charites In Chichester	Promotion and Support of Women's Initiative (PAIF)
Children in Crisis	Persatuan Perempuan Sama (PPS)
Child's Dream	PhotoVoice
Coalition of Women for Peace	Refugee Council
Development Alternatives with Women for a New Era	SEED Foundation
Don Bosco Teenage Care	Soi Dog Foundation
Dorset Opera	SULH non -governmental organization
Ecosistemas	Sustrans
EveryChild	Swaziland Breast Cancer Network
Excellent Development	The University of Tokyo
Fahamu	Uganda Youth development Link
Farm Orphan Support Trust	Usindiso Ministries
Friends of Tsinghua SEM, Inc.	Vancouver Friends For Life Society
Fundacion Chasquinet	Western Canada Wilderness Committee
	World Fellowship for Schizophrenia

2. **Key NGO leaders responded.** 77% of the survey respondents were Executive management (President, Executive Director, Directors, etc.) or Fund raising staff (Development Officer). (Q4)
3. **A cross-section of NGO types provided feedback.** The focus of most participating NGOs was in Education, Health and Human Services. (Q5)
4. **Not all NGOs received grants in 2005.** 76% of the survey respondents received grants from U.S. grantmakers totaling over \$11 million in 2005. (Q6)

5. **Broad geographical distribution.** The NGOs in the survey have HQ in 28 different countries and operations in over 59 countries around the world. (Q7, Q8)

Afghanistan	Moldova
Albania	Myanmar
Australia	Nepal
Azerbaijan	Nigeria
Brazil	P.R. China
Burkina Faso	Pakistan
Cambodia	Palestinian territories
Canada	Papua New Guinea
Chile	Peru
China	Republic of Ireland
Democratic Republic of the Congo	Russia
East Timor	Senegal
Ecuador	Serbia
Ethiopia	Sierra Leone
Fiji	Solomon Islands
Georgia	Somalia
Guyana	South Africa
Hungary	Sri Lanka
India	Sudan
Indonesia	Suriname
Iran	Swaziland
Ireland	Switzerland
Israel	Tajikistan
Italy	Tanzania
Ivory Coast	Thai-Burma border
Japan	Thailand
Kenya	Uganda
Kyrgyz Republic	UK
Lebanon	Ukraine
Liberia	Vanuatu
Lusaka	Vietnam
Madagascar	Zambia
Malawi	Zimbabwe
Mexico	

6. **Broad base of grantmakers provided support.** The NGO respondents reported receiving support from 68 different U.S.-based grantmakers. (Q9)

AJWS	Mott Foundation
American Express	National Endowment for Democracy
American Jewish World Service	New Field Foundation (2)
American Jews Worldservices	New Israel Fund (2)
Appui Financier	Oak Foundation
Atlas Foundation	OFDA
B.P. Foundation	Oxfam
Boston Jewish Community Women's Fund	Patagonia Inc. (2)
Bullitt	Pathfinder
CAFAmerica	Project Concern International
Carnegie Council	RAN
Community Foundation Silicon Valley (2)	Rockefeller Brothers
Conanima	Samuel Rubin Foundation
Deep Ecology	Sara Gottesman Fund
Dr. Scholl Foundation	Save the African Children Foundation
Earthways	Skoll Foundation
ebay Foundation (3)	Symantec Corporation
EmPower Fund for emerging markers	The Global Fund for Women
Firelight Foundation (2)	The Jeniam Foundation
Ford Foundation (5)	The John D and Catherine T MacArthur Foundation (3)
Fund for Global Human Rights	The Moriah Fund (2)
Global Fund for Women (5)	Tides Foundation (7)
Giant Steps	UAF
Goldman Sachs Foundation	UCLA-CCH
Holt International Children Services	United Methodist Committee on Relief (UMCOR)
Humane Society International	Urgent Action Fund (3)
International Rescue Committee (IRC),	US/Israel Women to Women
Jewish Women's Foundation of Metro Chicago	USAID
Jocarno Fund	Veritas Foundation
John Templeton Foundation	Wal-Mart Foundation
Juniper Networks Foundation Fund	Weeden Foundation (2)
L.J. Skaggs & Mary C. Skaggs Foundation.	World Vision
Liz Claiborne Foundation via Tides	Xillinx
Marisla	
Micro Enterprise Development Initiative	

Becoming Eligible to Receive a Grant from a U.S. Funder

7. **Equivalency determination (ED) is more prevalent.** 35% of NGOs report being eligible via equivalency determination (ED) vs. 20% for expenditure responsibility. (Q10)
8. **Lack of understanding of NGO eligibility requirements.** 52% of NGOs described that they “Don’t Know” if and how their organization has or can become eligible under U.S. law. (Q10)
9. **NGOs are requested to provide lots of different information.** 63% of NGOs reported that “Many U.S. grantmakers ask us to provide different information about our organization and contacts.” (Q11)
10. **Difficulty understanding and complying with U.S. regulations.** 53% of NGOs reported that “U.S. government regulations about nonprofit equivalency are hard for us to understand and comply with.”, but 27% disagreed. (Q11)
11. **It’s very time consuming to provide current contact information.** 51% of NGO leaders reported that “Providing up-to-date organization and contact information to all of our U.S. funders is time consuming.” (Q11)
12. **Translating documents into English isn’t a problem for most of the NGOs that participated in the survey.** 70% of the NGO leaders disagreed with the statement “Translating our governance documents into English is difficult for us to do.” (Q11)

NOTE: Many NGO leaders who are not fluent or comfortable reading and writing English may have not participated in this survey. As a result the English translation requirement has probably been underestimated.

13. **Nonprofit eligibility feedback.** The most common narrative feedback from NGO leaders about nonprofit eligibility include the following: (Q12)

Different Policies and Procedures

“Funders require specific information. However, when an organization has a number of funding partners then it becomes time consuming to be sending out the required information.”

“Possibilities of uniform reporting and information sharing exercise would be ideal.”

“There are many differing procedures/forms/formats required by different US foundations to demonstrate equivalency.”

“I don’t find US government regulations about equivalency hard to understand, but providing slightly different information to different grantmakers is very time-consuming.”

Document Translation

“Translation of some documents is difficult because governing documents may refer to fiscal laws governing Mexican not for profits. If you are not a fiscal lawyer in Mexico, the translation would most likely not be helpful in determining equivalence.”

“In respect to our governance documents, it is difficult for us to translate them because their legality and idiosyncrasies are distinct to Chileans.”

Other Issues

“The only funding difficult to access is the USAID funds which has to come through other US based organizations.”

No Problems

“I have had no problem with the requirements since we have to meet all those requirements for any grant provider.”

“We use XXXXX who are helpful and efficient. Receiving donations from the US Foundations is as easy as receiving those from the UK Foundations.”

“It is expected and it is normal that each grantmaker has its own requirements. Any NGO interested in receiving a grant should be prepared to meet all such requirements.”

14. **Most NGOs receive no assistance.** 58% of NGOs report receiving no equivalency assistance from grantmakers. The remaining NGOs reported a variety of supplemental services in the following order of frequency: (Q13)

Proposal development assistance (16%)

Fund raising (10%)

Document translation services (8%)

Administrative services (8%)

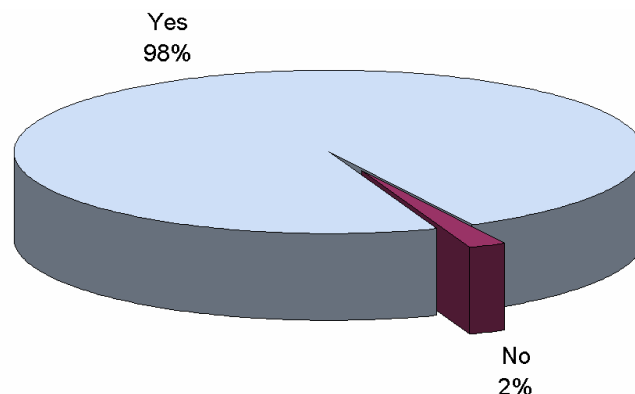
Legal assistance (7%)

Accounting services (3%)

Review of proposal and financial guidelines (3%)

15. **Most nonprofit equivalency determination takes 1-4 months.** 45% of NGOs report that they typically become equivalent within 1-2 months and 19% report that it takes 3-4 months. (Q14)

16. **98% of NGOs agree to use a central repository.** If requested by U.S. based grantmaking organizations, 98% of NGOs would provide copies of compliance documents and organization information to a centralized repository where this information would be accessible to many potential grantmakers. (Q15)



In addition, NGOs provided these clarifying comments:

Great Idea

“What a fantastic idea. Easier for both grantee and funder, surely. Cannot stress enough how useful I think this would be.”

“Excellent idea”

“A great idea! We now receive all our European funding through a single organization, Network of European Foundations, and the time spent applying for grants and reporting is enormously reduced.”

“Organization will benefit from this very efficiency by decreasing the time consumed for submitting each grant application.”

“Info would be submitted once and be accessible to whoever needs it.”

“This would be very useful because in our example we have been working as volunteers for 6 years and this type of paperwork combined with writing the funding proposals is very time-consuming.”

Concerns and Conditions of Support

“Would depend on the credibility and usefulness of the repository and permission from the grant makers.”

“Provided that registering with such a repository was free of charge to non-profit organisations.”

“Would need to know the added value of this system compared to XXXXX.
The only benefit appears to be the fact that it is free. “

“Depending on further definition of requirements”

“Probably, depending on details of the plan”

“More information would be required on the use of the repository.”

Submitting Information to a Central Repository

17. **Strong NGO leader support for a repository.** NGO leaders expressed their overall interest and support of a centralized repository as follows: (Q16)

<i>Top number is the count of respondents selecting the option. Bottom % is percent of total respondents selecting the option.</i>	Strongly Agree	Agree	Don't Agree	Strongly Disagree	Don't Know
The availability of a centralized repository containing all of our up-to-date nonprofit status information would be a significant benefit to us.	25 45%	25 45%	2 4%	0 0%	4 7%
We would submit key information about our organization and officers to a central repository and keep it up-to-date.	24 43%	31 55%	1 2%	0 0%	0 0%
The existence of a centralized repository would streamline the process of our becoming eligible to receive grants.	23 42%	25 45%	1 2%	1 2%	5 9%
We would prefer to submit our NGO information to a centralized repository rather than to each grantmaking organization individually.	23 42%	24 44%	5 9%	0 0%	3 5%

18. NGOs provided many other clarifying comments about their interest and willingness to submit information to a central repository. (Q17)

Beneficial

“This would reduce the time spent on information compilation and spend up time for funding agreements.”

“Such a repository will be very useful as it will prevent overlapping as well as make the process of grant making smoother and quicker.”

“It would be beneficial only if it was widely used by foundations.”

“To submit XXXXX information to a centralized repository we strongly believe that we can benefit from the organization and maybe it can create opportunity for the organization to receive grant from the U.S.”

“Providing information at central place works out better for development organisations though to individual grantmaking that is an added advantage.”

“Would make us keener to try US foundations.”

“We could send our NGO information to both. No problem.”

“We will always be interested and willing to provide all required information to any potential grantmaker, in addition to providing the necessary support to a centralized repository base.”

Suggestions

“If all NGOs who become part of this process could be given a registration number so that potential donors could check out all this information in addition to the actual funding proposal, it should make the time period between submitting the proposal and receiving the funds much shorter if an efficient system is developed.”

“I would strongly encourage you to look at the high degree of similarity between the US and UK regulatory systems for non-profits/charities. As a UK-registered charity, we are already obliged to file an annual return with the UK Charity Commission (comparable to the IRS return for a 501c3), and to prepare our annual accounts for independent examination/audit by professional qualified auditors. These accounts are published online at the Charity Commission website, and more recently are also accessible via the UK version of GuideStar (www.guidestar.org.uk).

Both sites also list the full names of all Board Directors/Trustees. The ideal would be for US foundations to be satisfied that by being subject to a regulatory regime such as that imposed by the Charity Commission and other UK government bodies, that UK organisations are de facto (1) equivalent to a 501c3 and (2) exercising a high degree of financial probity. Perhaps I am being naive? But in this digital age, it is fairly straightforward to check (with government-sponsored or -owned, independent websites) that a non-profit organisation is who it says it is, does what it says it does, and believes what it says it believes!.”

Concerns and Conditions of Support

“This depends on the level of detail requirements, proposed distribution and uses, privacy issues, etc.”

“This should not limit submission to non government organization.”

“Not sure it would give us access to more money. We're very political -- advocate peace policies in Israel.”

“While a centralized repository would make for a more fluid process; it is also important for us to maintain a direct relationship with the grantmakers.”

Other

“If you are a good NGO you have nothing to hide but only time to lose in paperwork.”

“Would be good to have this linked to a diary (calendar) to application dates/funding opportunities.”

19. Some obstacles identified by NGOs. (Q18)

69% of NGOs report no significant obstacles to providing information to a central repository of information about their organization.

15% identify “Maintaining our information up-to-date”.

NOTE: This is likely to be significantly underestimated based on the feedback that we have received from multiple nonprofit service providers that have implemented portals for nonprofits.

11% identify “Translating information and documents into English to comply with the U.S. government’s regulations.” as an obstacle.

NOTE: This is likely to be significantly underestimated because NGO leaders that do not speak English were probably underrepresented in the survey.

Only 7% identify “Providing information about our organization's officers and board members.”

Only 5% identify “Using Web-based systems to complete and submit online forms and to upload file attachments.”

NOTE: This is less than what grantmakers and service providers estimated. Online survey respondents were probably more technologically capable than a cross-section of NGOs.

Other comments about obstacles include the following: (Q19)

Time and staff resources

“Would depend on how frequently updating would be required.”

“Would also be time-consuming, for example, to have to convert large quantities of financial data to US dollars: would the system be flexible enough to include this data in original currency amounts?”

“Finding timely information.”

“It is difficult for us to publish our nonprofit status information since there is no administrative staff who is specialized in compliance with U.S. governmental nonprofit equivalency regulations. Moreover, there is no centralized control system of our entire university's international fundraising.”

Data security

“Security of the information and data held.”

“Our biggest concern would be information mining and use of the information by those that could do harm or target our organization's officers or board members in any way.”

Buy in and use by foundations

“The buy in from the American foundations who will use this resource.”

“Only possibly if donors who want to be anonymous have to be named.”

Incentive to use

“I'm not sure we have the incentive to do this. Would it increase our grant pool?”

“The benefits of such a database.”

Internet access and electronic formats

“The challenge is technical such as Internet access and connection in some parts of Africa where we are working.”

“In Swaziland, the documents that the government issues to NGOs about their incorporation and memorandum and articles of association are only given in hard copy and not electronically. How would you deal with this issue as it must be the same case in many other

developing countries.”

Standards

“In case it limits the maximum amount one can get from US.”

Positive and an opportunity

No, I think that this is a great idea.

“To use a centralized repository we see this as an opportunity for us to keep others informed about the organisation. The obstacles we will face are the transforming of all information into another language as we are Dutch speaking. But this we also see as a challenge to changes, ideas and expertise.”

Service Providers - Key Survey and Interview Findings

Detailed results of the Service Providers survey are presented in Appendix C.

Service Provider Profile

1. **Nine respondents.** Nine major international giving service providers chose to participate in the survey and interviews. (Q1)
 - CAFAmerica
 - Civil Society Systems (a.k.a. GuideStar International)
 - CreateHope
 - Foundation Source
 - Global Impact
 - GuideStar
 - JK Group, Inc.
 - KPMG (interview only)
 - United Way International
2. **Different types.** Multiple types of service providers responded including: (Q4)
 - Philanthropic service bureau
 - Grants management software or service provider
 - Workplace giving service provider
 - Donor advised fund
 - Repository of data about U.S. nonprofits
 - Repository of data about non-U.S. nonprofits
 - Public charity
3. **Diversity of organization structure.** Service providers are structured in different ways including: (Q5)
 - For-profit privately owned company
 - U.S.-based nonprofit
 - Non-U.S. based nonprofit

Client Profile

4. **Clients are primarily corporations.** Some of the service providers focus exclusively on international giving while others focus primarily on giving to U.S.-based nonprofits. 82% of service provider clients are either corporate foundations or corporate contributions programs. (Q6)
5. **Volume of grants processed in 2005.** Service providers reported processing about 2,927 international grants in 2005. One provider processed more than all others combined. (Q7)

6. **NGOs receiving grants.** Service providers processed grants to approximately 1,500 NGOs in 2005. (Q8)
7. **International giving increasing annually.** 50% of service providers report that donations to non-U.S. based NGOs is currently increasing at an average rate of 10+% per year while 33% report a 1-10% annual rate of increase. (Q9)
8. **Grants made in 75 different countries.** Grants processed by service providers were made in about 75 countries worldwide. (Q10)
9. **NGO grant recipients.** One service provider made over 1,500 grants to 713 charities in 73 countries around the world. Some of the other service providers were not able to report this due to confidentiality requirements. (Q11).

Determining NGO Eligibility

10. **Some NGOs expressed concerns.** Service providers report the following feedback from NGOs about the current equivalency and vetting process: (Q12)
 - “Confused”
 - “Continually providing same information to numerous entities”
 - “No unified requirements”
 - “Cumbersome”
 - “Too much paper work; we ask for their confidential information (financials; names of their partners); they do not understand why they should comply with US requirements”
 - “Concerned about administrative burden; Risk of persecution if data is disclosed; Inconsistency of requirements”
 - “Overseas NGOs are very fearful of providing data on their organizations to any database that would be subject to the US Patriot Act or otherwise accessible by the US Government.
 - “From our experiences with NGO representatives in more than 15 countries it appears to be a requirement that any such system be hosting outside the United States.”
11. **Some NGOs are not providing nonprofit eligibility and/or USA Patriot Act information.** All of the service providers reported that up to 20% of NGOs “Do not respond to nonprofit eligibility and/or USA Patriot Act information requests.” (Q13)
12. **ED and ER split about evenly.** Among service providers, the rules that they typically use to determine non-U.S. based NGO eligibility are about evenly divided between equivalency determination (ED) and expenditure responsibility (ER) (Q14)
13. **ED document consistency.** There is consistency among most of the documents that service providers require non-U.S. based NGOs to provide to qualify for equivalency determination (ED) (Q15, Q16)
14. **Low level of ED process standardization.** 70% or less of service provider clients use a standard (e.g. same among different clients) equivalency determination (ED) process to identify eligible non-U.S. based NGOs. (Q17)

15. **Diversity of required ER documents.** There is diversity among the documents service providers required non-U.S. based NGOs to provide to qualify for expenditure responsibility (ER). (Q18, Q19)
16. **Low level of ER process standardization.** 70% or less of service providers' clients use a standard (e.g. same among different clients) expenditure responsibility (ER) process to identify eligible non-U.S. based NGOs. (Q19)
17. **Consistency of required ED documents.** There is consistency in most of the information that non-U.S. based NGOs are required to provide to comply with U.S. anti-terrorist and money laundering requirements. (Q21, Q22)
18. **Consistency in vetting procedures.** There is consistency in procedures used to vet non-U.S. based NGOs for compliance with Executive Order 13224, the USA Patriot Act and the Treasury Department's Voluntary Anti-Terrorist Financing Guidelines. (Q23)
19. **Diversity in verification standards.** There is considerable diversity in the level and frequency of regular independent verification of the validity and authenticity of ED or ER information provided by non-U.S. based NGOs. (Q24, Q25)
20. **Vetting upon initial entry and each payment.** 86% of service providers vet organization and contact data using anti-terrorist OFAC list checking process upon initial organization entry into their systems and 57% also prior to each payment. (Q26)
21. **Few differences in vetting standards.** Almost all service providers reported using the same anti-terrorist and money laundering vetting standards for all non-U.S. based NGOs. One reported a difference based on the NGO's country and/or the amount of the grant. (Q27)
22. **Some document translation.** Two service providers offer document translation services to selected applicants. The other service providers don't provide significant forms of assistance to non-U.S. based NGOs to help them to become eligible to receive grants. (Q28)
23. **1-2 month processing.** All of the service providers that currently process NGO applications report vetting organizations within 1-2 months. (Q29)
24. **Annual data verification most common.** 57% of service providers require non-U.S. based NGOs to verify or resubmit updated compliance and contact information every 12 months. 29% do this with each new proposal and others verify data only every 24 or 36 months. (Q30)
25. **Different research sources.** Many different sources of online resources and services are used for researching and vetting non-U.S. based NGOs. (Q31)
26. **Mostly English documents.** 67% of service providers receive and review equivalency determination (ED) and/or expenditure responsibility (ER) documents only in English. Two service providers receive documents in eight different languages. One requires both the original and English version of all documents. (Q32)
27. **Few additional services.** 57% don't provide any additional research services on some/all non-U.S. based NGOs, while some analyze NGO's operations and financial status and determine the effectiveness of the NGO to accomplish their stated mission. (Q33)

28. **Very little information sharing.** 83% of service providers' equivalency determination (ED) and/or expenditure responsibility (ER) processes currently do NOT permit sharing of compliance information among different grantmakers who support the same non-U.S. based NGO. (Q34)
29. **Would provide copies with consent.** With the consent of their clients and each non-U.S. based NGO, 75% of service providers would provide copies of compliance documents to the centralized repository. (Q35)

Operations and Information Systems

30. **High staffing levels and costs.** 88% of the service providers have 2-4+ staff members dedicated to non-U.S. based NGO eligibility determination and anti-terrorist vetting. (Q36)

Service providers report that the average salary for staff providing these services is between \$45,000-\$55,000 per year.

Based on the reported staffing levels it is estimated that service providers are paying approximately 17.5 FTE staff X \$50,000 plus an estimated 26% in benefits = \$1.1 million for service providers' eligibility determination and anti terrorist vetting services.

NOTE: This is a conservative estimate because 3 survey respondents advised that they had "4 or more staff positions" dedicated to this task. Consequently, we don't know the actual number. For the purpose of our cost estimate we assumed this to be only 4 positions each, however in actuality this may be more.

31. **NGO Web access and proficiency is seen as an obstacle for some.** Service providers' assessment of NGOs' contacts' level of access and proficiency using online Web-based systems (not just e-mail) to complete and submit online forms and to upload file attachments to be Good (42%), Fair (42%) and Poor (28%). This is likely to improve over time. (Q37)
32. **Basic access technology requirements.** 75% advise repository data would be required to be provided as one of these two options: (Q38)

VIEW - Store electronic copies of all previously submitted NGO eligibility documents plus their organization and contact information online so that it can be easily accessed and referenced.

DOWNLOAD - Capability to download all of a NGO's latest submitted nonprofit eligibility documents plus their organization and contact information.

33. **Use of ChoicePoint for watch list vetting dominates.** The majority of service providers use ChoicePoint Bridger Insight for watch list checking. This service is also used by foundations most often. (Q39)
34. **Mostly non-automated links to watch lists today.** In most cases online watch list service currently connect to in-house systems only via manual export and/or review of data. Only one vendor reported an automated link to their online watch service via an integrated Application Programming Interface (API). (Q40)

35. **U.S. portal availability.** 67% report that they currently have an online Web-based portal in production that U.S. BASED NONPROFITS use to review and submit nonprofit eligibility and/or anti-terrorist compliance certification forms and documents. (Q41)
36. **International portal availability.** 50% report that they currently have an online Web-based portal in production that NON-U.S. BASED NGOs use to review and submit nonprofit eligibility and/or anti-terrorist compliance certification forms and documents. (Q42)

NOTE: For those that report the availability of portals, the actual use by U.S. nonprofits and NGOs is described as now being relatively low but growing.

37. **Strong service provider support for a repository.** Service providers indicated their overall interest and support of a centralized repository as follows: (Q43)

<i>Top number is the count of respondents selecting the option. Bottom % is percent of total respondents selecting the option.</i>	Strongly Agree	Agree	Don't Agree	Strongly Disagree	Don't Know
The availability of a centralized repository of vetted non-U.S. based NGO information would be a significant benefit to U.S. philanthropy.	6 75%	0 0%	1 12%	0 0%	1 12%
We would favor establishing a centralized repository of non-U.S. based NGO information.	5 62%	1 12%	1 12%	0 0%	1 12%
We would probably become a member of the repository and use it instead of our existing non-U.S. based NGO vetting process.	2 33%	1 17%	1 17%	1 17%	1 17%
Any annual repository membership fee should be based on an appropriate sliding scale.	1 14%	4 57%	0 0%	0 0%	2 29%
We would encourage all non-U.S. based NGOs seeking grants from our client to submit their information to the central repository.	2 33%	1 17%	1 17%	1 17%	1 17%
The existence of a centralized repository would streamline the process of non-U.S. based NGOs becoming eligible to receive grants	4 50%	2 25%	0 0%	1 12%	1 12%
NGOs would prefer to submit their information to a centralized repository.	3 38%	2 25%	0 0%	0 0%	3 38%
We would be willing to share our non-U.S. based NGO eligibility information with a centralized repository	2 33%	1 17%	0 0%	1 17%	2 33%
The endorsement of a centralized repository by the Council on Foundations, The Foundation Center, GuideStar and Independent Sector would be a key factor in our deciding to use the system.	2 29%	1 14%	2 29%	0 0%	2 29%

<i>Top number is the count of respondents selecting the option. Bottom % is percent of total respondents selecting the option.</i>	Strongly Agree	Agree	Don't Agree	Strongly Disagree	Don't Know
An IRS letter ruling that would approve the centralized repository would be a key factor in our decision to become a member.	2 29%	3 43%	1 14%	0 0%	1 14%
Such a repository would be so beneficial that we would consider providing grant support.	0 0%	0 0%	4 67%	0 0%	2 33%

38. **Challenges and obstacles.** The major challenges and obstacles for establishing and maintaining a centralized repository of non-U.S. based NGO information were identified as follows: (Q44)

“The establishment of an accepted reporting and vetting standard. Such a standard would be necessary to truly streamline NGO requirements and to encourage the IRS and others to view the system in the best light.”

“Verifying/validating the accuracy of the data so that it can be relied on for compliance purposes.”

“Support and cooperation among foundations”

“Competing interests and needs of different stakeholders”

“Huge resource to keep all repository NGO information current”

“Costs and development challenges for building such a system”

“Government approval/sign-off”

“Privacy protection for non-public data”

“Shielding providers of data from potential liability issues”

“Not all NGOs have Internet access to send info to repository”

“Convince overseas NGOs that participating in such a repository would be in their best interests. Presumably one of the goals would be to expand US grantmaking beyond the population of existing recipients, so a communication campaign would need to be developed to convince them to provide data and documents to the system.”

“Would have to have all supporting documents translated into English to meet IRS regulations.”

Hosting and Maintaining the System

39. **Best qualified and positioned to host and maintain a centralized repository.** Most service providers identified the following types of organizations as be best qualified and positioned to host and maintain a centralized repository of non-U.S. based NGO information: (Q45)

U.S. based non-profit organization that currently serves as an online repository of NGO information.

Non-profit philanthropic service bureau.

<i>Top number is the count of respondents selecting the option. Bottom % is percent of total respondents selecting the option.</i>	Definitely Consider	Might Consider	Probably Would Not Consider	Definitely Would Not Consider	Don't Know
U.S. based non-profit organization that currently serves as an online repository of NGO information	3 38%	3 38%	1 12%	0 0%	1 12%
Non-U.S. based non-profit organization that currently serves as an online repository of NGO information	2 25%	2 25%	2 25%	1 12%	1 12%
Non-profit philanthropic service bureau	2 25%	4 50%	0 0%	0 0%	2 25%
For-profit philanthropic service bureau	0 0%	3 38%	4 50%	1 12%	0 0%
For-profit workplace giving service provider	0 0%	3 38%	3 38%	2 25%	0 0%
For-profit grants management application software and/or service provider	0 0%	2 25%	4 50%	2 25%	0 0%

40. **Selection criteria.** If a central repository were established, the key criteria that should be used in selecting an organization to develop, host and maintain information about non-U.S. based NGOs are: (Q46)

“Experience in developing and hosting a reliable Web-based document and information retrieval site.”

“Experience in developing and maintaining online information systems that serve not only the US grantmaking community, but more importantly the overseas NGO community.”

“Sensitivity to overseas NGOs' concerns about privacy, understanding of their capacity issues related to online data gathering, and a credible international presence will all be required to gain buy-in from the non-US NGO community.”

“Technology expertise and resources”

“Experience in managing non-profit data and relations; experience managing corporate clients/business savvy”

“High privacy”

“A non profit - a neutral party”

Cost of Developing and Maintaining a Centralized Repository

41. **Estimated startup costs.** The estimate of the range of all startup costs to develop and implement a secure centralized online repository and portal of non-U.S. based NGO information were described as follows: (Q47)

“Assuming that the repository could take advantage of an already developed infrastructure, it might be done for around \$250,000.”

“Startup time and costs will include:

Consultation with stakeholders and documentation of system requirements:

Time: 1 year

Cost: \$150,000

Software development, including database and application modules:

Time: 6 months

Cost: \$550,000

Hardware and Network infrastructure, including software licenses:

Cost: \$200,000

Total Development Time: 1.5 years

Total Development Cost: \$900,000”

“It is worth noting again that XXXXX has already developed a technology platform and reporting and display framework that could be modified to serve US grantmakers for less than \$100,000 and delivered in less than 4 months.”

“A large portion of our staff resources are expended in collecting and reviewing charity information and conducting due diligence. We truly would not provide a financial estimate, other than several hundred thousand dollars and upward.”

“This is widely variable, depending upon the extent to which the data itself is available, especially in electronic format. That being said, the technical aspects of the development are not overly difficult; implementation to the "beta" stage (inclusive of hardware and technical development) is likely to be in the \$100,000 - \$200,000 range, with import or data entry of existing data adding \$5-\$50/NGO.”

42. **Estimated operating costs.** The estimate of the range of the annual cost to operate and maintain a centralized online repository and portal of non-U.S. based NGO information were described as follows: (Q48)

“Depending on the volume of transactions, perhaps \$100,000 - \$200,000. Again, infrastructure is a wild card here.”

“Assuming a standard reporting framework for documents and data, the annual operating costs would include:

Network hosting, maintenance and hardware depreciation: \$150,000

Data management and application maintenance: \$150,000

Total annual cost: \$300,000”

“XXXXX has developed a platform that will serve not only US grantmakers but various constituent groups from around the world. As a result, yearly maintenance costs will be distributed across many users and be a fraction of the cost for a standalone system.”

“Assuming that all data is populated by users of the system, and that the system is operated within an existing infrastructure, the system could probably be maintained with 2 FTEs and 2 FTE equivalents, at a fully loaded cost of \$300-400,000 annually.”

“Gold standard vetting of NGOs cost \$5,000 for initial review and then \$500 annually. This includes doing in-country reviews and working with independent secondary sources to verify the accuracy of information.” (*Source: interview*)

Additional Interview Feedback from Service Providers

43. **Competitive advantage.** A for-profit service provider described that being a member of the repository would give them a “competitive advantage.”

Another for-profit service provider indicated that although they had the technology and operational systems to provide NGO repository services, that a repository should only be hosted by a nonprofit service provider so as not to provide any for-profit organization with a competitive advantage.

44. **Repository to strengthen NGOs and gain funding support.** Two service providers described that they thought that some of their international funders might be very willing to provide additional support to assist their grantees to be registered with the centralized repository. Establishing by-laws, registering with the repository and meeting the nonprofit equivalency requirements would “strengthen the NGO and possibly increase the NGO’s likelihood of securing more funding from other grantmakers.”
45. **Been considered before.** Some of the service providers have themselves considered establishing such a repository, however they have not implemented this to date because:

Unable to gain consensus on standards

Lack of leverage and broad-based support

Lack of approval by IRS

Not a revenue producing service

Other priority commitments

Appendix A – International Grantmaker Detailed Survey Results

SEE Appendix A – Intl Grantmaker Survey Results.pdf

Appendix B – NGO Leader Detailed Survey Results

SEE Appendix B – NGO Leaders Survey Results.pdf

Appendix C – Service Provider Detailed Survey Results

SEE Appendix A – Service Provider Survey Results.pdf

12/21/2006