



Establishing a Centralized Repository of Non-U.S. Based Information: A Progress Report

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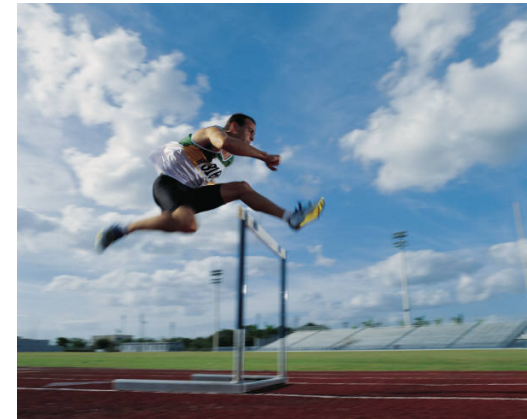
Feasibility Project to Establish a Centralized Repository of Information on Non-U.S. Based NGOs

Could a centralized repository of Equivalency Determination (ED) information be established to review and share up-to-date information about NGO's being equivalent to a U.S. public charity?

Currently this information is collected independently by each grantmaking organization, at considerable time and expense, and NGOs are often asked to provide the same information over and over to multiple potential U.S. donors.

We have some hurdles to jump

- Current IRS regulations prohibit grantmakers from using another organization's "good faith determination".
- Establishing standards for data collection ED processing procedures.



Project partners and sponsors

- Four partner leadership organizations collaborating on the project



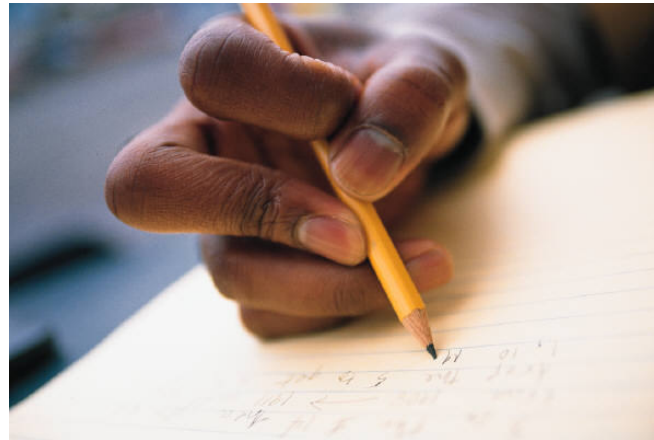
- Supporting funders`



THE F. B. HERON FOUNDATION



Feasibility Study Highlights



Broad based participation

- 79 - U.S. based International Grantmakers
- 56 - NGO Leaders with operations in 59 countries
- 9 - Major International Giving Service Providers



High volume of international grantmaking by survey respondents

- Grants to 91 countries
- Direct grants to non-U.S. based NGOs
 - 26,897 applications
 - 7,205 grants
 - \$702 million
- Grants to U.S. based nonprofits that do international regranting
 - 7,555 applications
 - 4,242 grants
 - \$589 million



\$1.29 billion international grants by survey respondents in FY 2005

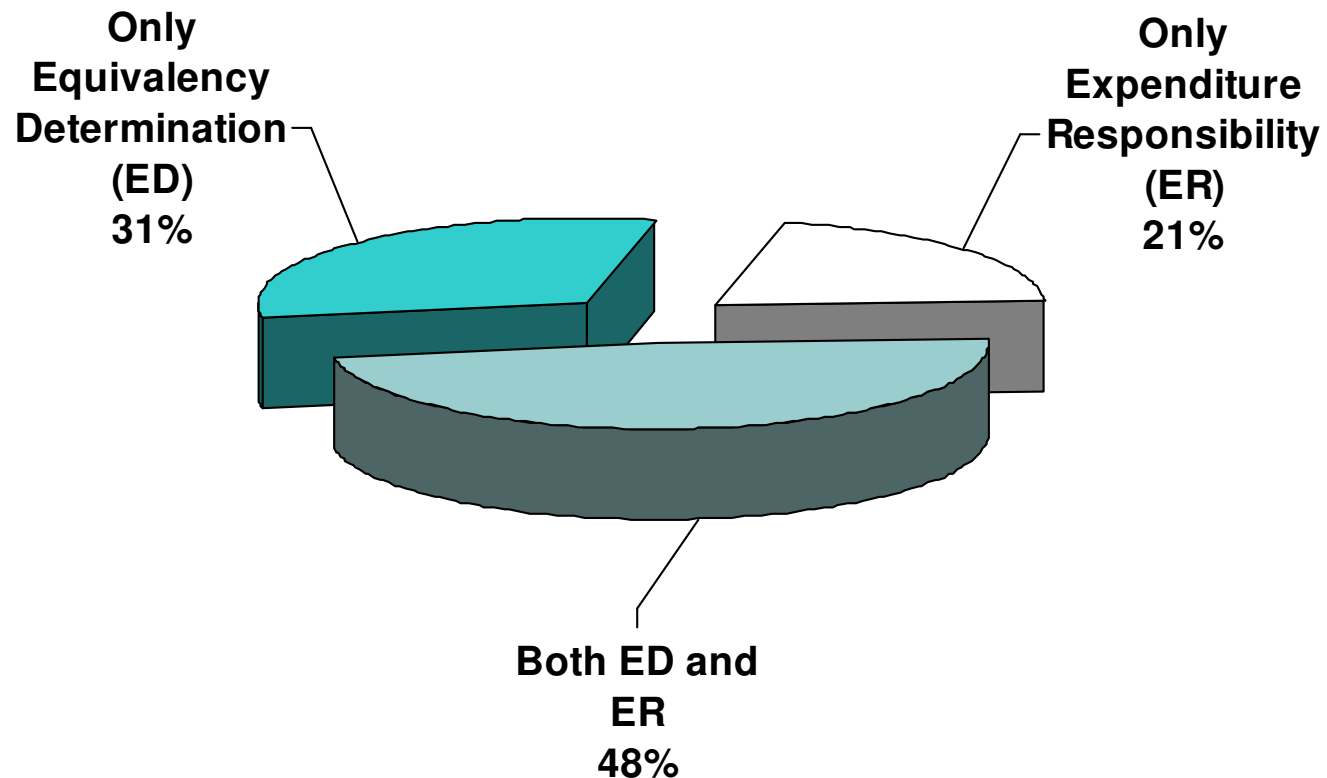
Key survey findings

The survey results show strong support for a centralized information repository that could make the process of cross-border grantmaking more efficient and less onerous for U.S. funders as well as grant recipients.



At the same time, the survey respondents tempered their support with many questions about the feasibility, reliability and sustainability of such a repository.

Different eligibility rules are used



Challenges NGOs encounter

- 63% of NGOs reported . . .

"Many U.S. grantmakers ask us to provide different information about our organization and contacts."

- 53% of NGOs reported . . .

"U.S. government regulations about nonprofit equivalency are hard for us to understand and comply with."



Centralized repository is seen as a significant benefit

90% of NGO leaders

86% of grantmakers

75% of service providers agree that . . .

“The availability of a centralized repository containing up-to-date vetted nonprofit information would be a significant benefit.”



Grantmakers and service providers favor establishing a centralized repository

76% of grantmakers

74% of service providers would . . .

"Favor establishing a centralized repository of non-U.S. based NGO information."



A centralized repository would streamline the process

87% of NGO leaders

79% of grantmakers

75% of service providers agree that . . .

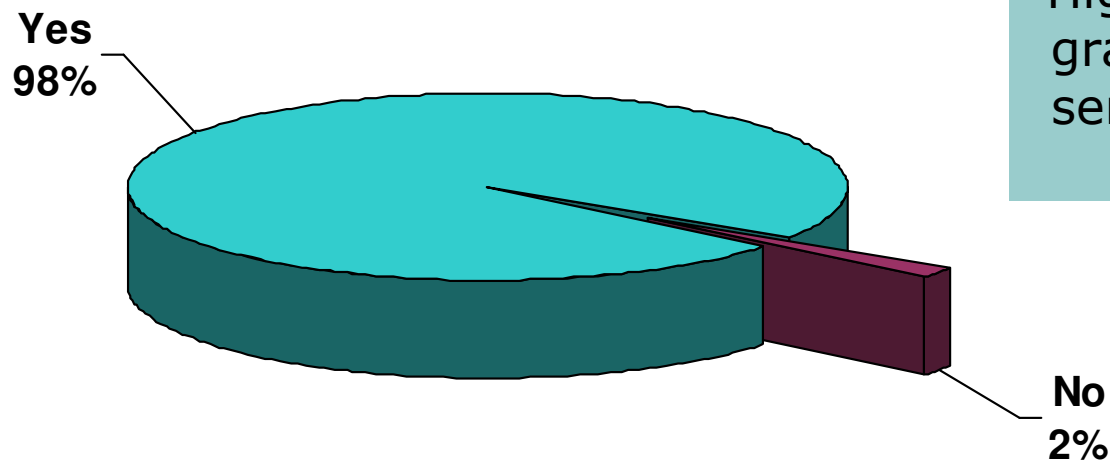
"The existence of a centralized repository would streamline the process of NGOs becoming eligible to receive grants."



NGOs agree to provide information to a repository

- 98% of NGOs report . . .

"We would submit key information about our organization and officers to a central repository and keep it up-to-date."



Higher than most grantmakers and service providers predicted

NGOs prefer central reporting vs. directly to individual grantmakers

86% of NGOs leaders report . . .

"We would prefer to submit our NGO information to a centralized repository rather than to each grantmaking organization individually."



Some perceived advantages of a centralized repository


1. Establishment and maintenance of nonprofit equivalency reporting standards.
2. Streamlined process, improved efficiency and lower costs for grantmakers and grantseekers.
3. Potential approval of a standard process by the IRS.
4. Essential online information in multiple languages.
5. Tool for NGOs to convert financial information into US\$.
6. Continuing support by leadership organizations.





Some perceived disadvantages of a centralized repository

1. May disadvantage smaller NGOs that don't have the capability to maintain required information.
2. May establish higher standards than those of some grantmakers.
3. Some grantmakers may not be comfortable relinquishing control of the ED process.
4. A single service provider may not have all of the necessary experience, knowledge, expertise, leadership and systems.



Grantmakers and service providers agree on the major challenges and obstacles to establishing and maintaining a repository

- Establishing consensus and enforcing standards
- Support and cooperation among foundations
- Establishing a trusted source of accurate, reliable and audited information
- Collecting and maintaining information up-to-date
- Getting an IRS letter ruling
- Repository staffing, qualifications, and knowledge
- Shielding grantmakers from potential liability issues
- Initial development and ongoing operational costs

Lessons We've Learned from Similar Repository Projects



Establish and maintain relationships



A centralized repository
cannot replace the
grantor-grantee relationship

More lessons we've learned

- There must be a realistic and self-sustaining business model
- Determine what it really costs to process ED – seek efficiencies and economies of scale
- Don't underestimate the significant ongoing cost of gathering and maintaining up-to-date information
- Focus on quality, accuracy and timeliness of information vs. volume

We need your help with this



More lessons we've learned

- Build a full-featured working prototype, solicit broad based feedback and make revisions as appropriate
- It's very difficult to get nonprofit staff to maintain up-to-date information
- Focus on marketing and promotion
"Just because you build it doesn't mean that they will come."



More lessons we've learned

- 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 – those who pay for data have much higher expectations



More lessons we've learned

- Get consensus on repository governance
- Seek legal counsel on liability issues
- Stay focused on the primary purpose of the repository
- Anticipate that most NGO leaders won't know very much about financial matters and IRS regulatory requirements
- Provide a high level of service to both NGOs and funders



More lessons we've learned

- Seek group consensus to make decisions that are for the common good – emphasize benefits to the community are worth change and some inconvenience
- Clarify that NGO data is self-reported and that the repository is not responsible for per IRS regulations for verifying it
- Leadership, a strong project manager, and continuity will be critical success factors





Our Exploratory Committee

- Bill & Melinda Gates Foundation
- BP Foundation
- Carnegie Corporation of New York
- Charles Stewart Mott Foundation
- Council on Foundations
- Foundation Center
- GE Foundation
- Grants Managers Network
- William and Flora Hewlett Foundation
- W.K. Kellogg Foundation
- Independent Sector
- InterAction
- Rockefeller Brothers Fund
- Rockefeller Foundation
- Silk, Adler & Colvin
- United Way of America



Developments in the last year

- Meeting with major international foundation legal counsel, senior staff, and Marc Owens of Caplin & Drysdale (*March 2007*)

Caplin & Drysdale
ATTORNEYS

Owens was employed by the Exempt Organizations Division of the Internal Revenue Service for his entire professional career and served as the division's director for the last ten years

- Exploratory Committee convened (*June 2007*)
- Meeting with IRS Exempt Organizations Division and received go-ahead to proceed (*September 2007*)

More developments in the last year

- Exploratory Committee agrees on repository standards and requirements of a comprehensive Request for Proposal - RFP (*January 2008*)
- RFP technical review by selected foundation IT managers (*February 2008*)
- Begin survey of international grantmakers to determine actual cost of equivalency determination (*March – May 2008*)
- Advisory Committee finalizes, publishes and publicizes RFP (*March 2008*)



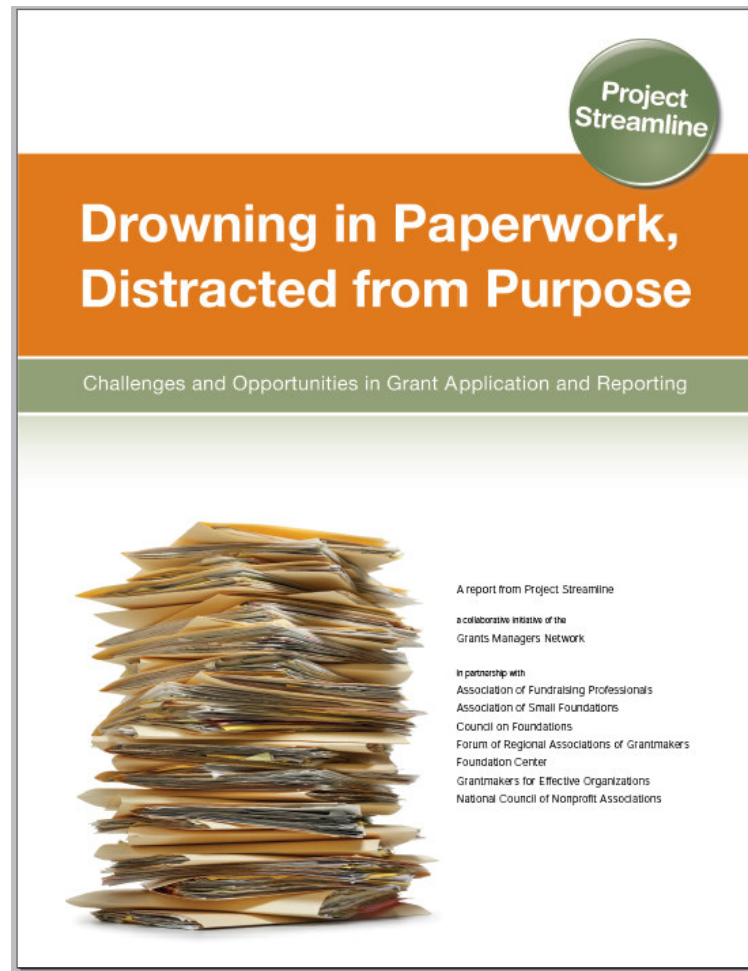
THE CHRONICLE OF PHILANTHROPY
THE NEWSPAPER OF THE NONPROFIT WORLD

A comprehensive Request for Proposal (RFP)

- Project background and statement of need
- Inviting different types of host and partner organizations
- Broad-based Exploratory Committee consensus on repository requirements
- Detailed scope of work
- Qualifications of host organizations
- Volume estimates
- Proposal and business plan requirements
- Deliverables and timelines



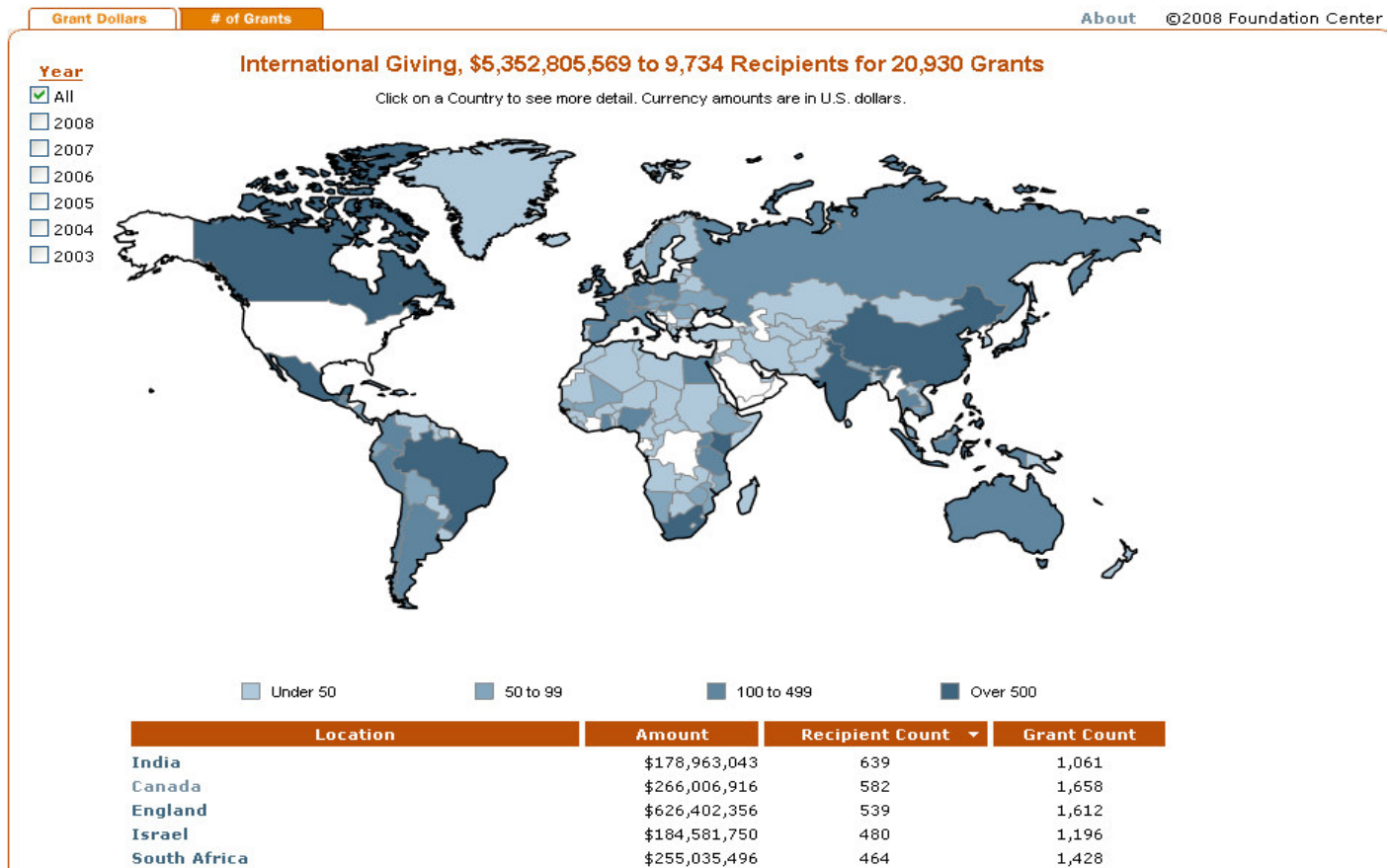
NGO Repository Project cited as a “Creative Approach” to streamlining international grantmaking



Gathering more data about international grantmaking



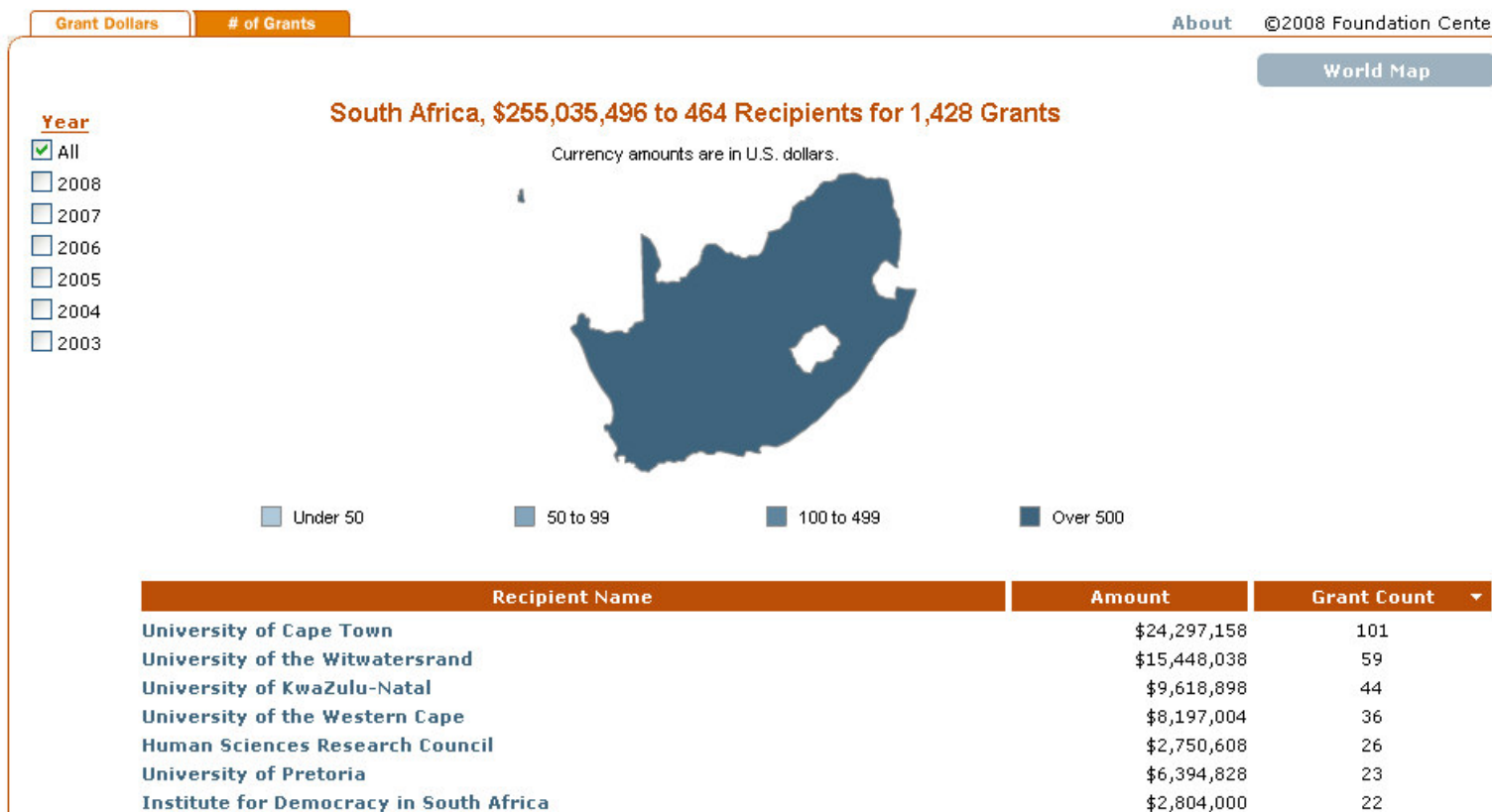
Interactive Map of Direct Grants by U.S. Grantmakers to Non U.S. Recipients BETA



Determining the number of grants at the country level



Interactive Map of Direct Grants by U.S. Grantmakers to Non U.S. Recipients BETA



Project next steps

1. Continue to disseminate information to increase awareness and support for the exploratory phase of the project (*Ongoing*)
2. RFP Q&A via e-mail and Web site (*May 2, 2008*)
3. Bidder conference call (*May 12, 2008*)
4. Intent to submit proposal (*May, 19, 2008*)
5. Deadline for proposals (*June 20, 2008*)
6. Review proposals (*June - July 2008*)
7. Select and meet with finalist(s) (*August 2008*)



Project next steps

8. Select preferred host organization
(*August 2008*)
9. Revise business/financial plan
as needed (*Fall 2008*)
10. Identify potential startup funders
and convene meeting (*Fall 2008*)
11. Assist host organization to apply to IRS
for approval and enabling rulings (*Winter 2008*)





See the project Web site for
up to date information

<http://www.iaa.com/NGORepositoryFeasibilityStudyProject.html>