

# The power of partnerships

Marianne Ginsburg

Fifteen years ago, the communist regimes in Central and Eastern Europe fell. In the exhilaration that followed, there was an outpouring of support from public and private sources – more than 60 North American and European foundations responded. Between 1989 and 1994, they provided over \$450 million for civil society and democracy assistance programmes in the region (Poland, Hungary, the Czech Republic and Slovakia).<sup>1</sup> However, by 1996 the first funders began to phase out their activities or to focus them further south or east, and they left a hole. A new concern surfaced: how could funders leave without endangering the work they had begun?



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I was part of the German Marshall Fund of the United States (GMF) grantmaking team in Central and Eastern Europe (CEE). In memory of the Marshall Plan, part of GMF's mandate was to support the countries behind the Iron Curtain whenever it became possible. In the early years, it provided funds for local democracy and institution building where it was most needed (media, justice, economics, citizen participation). A few years later, the challenge was how to integrate its CEE activities into its transatlantic mission while continuing to strengthen civil society in the region.

## Shifting emphasis over time

Crucial to GMF's work was its local staff in the region and its ability to identify the needs it could appropriately address. From the start, it combined support for local activities with transatlantic learning

through fellowships, study tours and other kinds of exchanges. In 1997–98, it began to move away from its more ad hoc grantmaking to an annual programme for 'key policy institutions' and think-tanks in CEE and Balkan countries. Rather than applying for a separate grant for each conference or project, these institutions would now be able to plan for a year for the European and transatlantic component of their activities. They also were assured that on the strength of their accomplishments they could reapply in future years. This programme eliminated the purely local activities and institutions that had no interest or reason to work internationally – though there were not many we supported. The purpose of the grants is to provide a more stable flow of funds for general support while at the same stimulating close transatlantic collaboration and policy exchange.

The new approach worked well for many organizations, but had drawbacks for others. In the early 1990s GMF contributed to the start-up of three environmental policy institutions in Poland, Hungary and the Czech Republic. The programme was both an opportunity and a problem for them. They lost our support for their straight domestic work at a time when environmental laws and policies were at a critical stage in their countries' political development and needed their input. In return, they gained opportunities to collaborate with their counterparts in Europe and the US, to broaden their experience and knowledge for their domestic work, and to raise their institutions' visibility and professional stature. Despite good results from their international cooperation, in a tight financial situation it was a difficult trade-off.

As GMF shifted to its 'key institution' programme (assisting policy institutes and think-tanks) in CEE and Balkan countries, the bulk of its local civil society grantmaking gradually moved to the Balkans, where it is concentrated today. Its first grants to promote local democracy there date back to 1995. GMF tried to make the changes gradually, with consultation to make the transition easier and provide more time to find replacement funds.

## Collaboration

For American foundations, collaboration is not unusual. In Central and Eastern Europe, however, it reached a new level of importance and was behind many of the local accomplishments. It sensitized us quickly to each country's longer-term needs, the consequences if support ended too soon, and how

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whose interests they claim to work. This suggests a second minimum consideration or principle for exit: involving grantees in discussion about strategic goals and deliverables and programme options.

The best practices from a previous generation of grantmaking are relevant today when considering all aspects of donor interventions, including exit strategy. While it may seem pedestrian and antiquated to some to consider how an ethical framework informs grantmaking strategy, I would suggest that this is still the best way to secure sound development process. @

fundes should address the sustainability of their grantmaking individually and as a group – in short finding ‘exit strategies’.

All major American foundations that stayed in the region for three to five years provided some form of transitional support. These payments tended to be creatively structured to allow recipients a variety of possible long-term benefits. Uses ranged from the purchase of office space to reduce administrative expenses and provide possible rental income in the future to establishing special reserve funds to start endowment campaigns.

Foundations developed different approaches to strengthen civil society in anticipation of further reductions of international funds in the region. The two that I was involved in, each very different, deserve a closer look.

The Environmental Partnership for Central and Eastern Europe (EPCE) was launched in 1991 and the Trust for Civil Society in Central and Eastern Europe (Trust) in 2001. Both were sizeable commitments in time and in financial support: 13 years for the EPCE with a total sum of almost \$12 million, ten years for the Trust with a start-up sum of \$60.5 million (which it is seeking to increase). The EPCE has focused on civil society and a healthy environment, and the sustainability of the six local foundations that now make up the EPCE. The Trust was begun much later, when some funders had already withdrawn. Its express purpose was grantmaking to reinforce and expand on what had already been accomplished in each country towards rebuilding civil society – in other words a final burst of funding before most of the international funding sources disappeared.

### The EPCE

After more than a year studying three countries, Poland, Hungary and Czechoslovakia (before Slovakia and the Czech Republic were divided), the core funders<sup>2</sup> launched their programme in 1991. In the initial post-communist euphoria ten more foundations joined the Partnership for different time periods.

The EPCE was set up as local small grants programmes (the maximum grant is still \$8,000) to support the environment and civil society. By 1997, their local leaders had converted them into indigenous independent foundations and formalized their network as a regional EPCE Consortium (now called the Environmental Partnership Consortium).<sup>3</sup>

We, the original funders, started with a three-year commitment – and were proud of it – but halfway through we saw that our programme had only scratched the surface, and that another three years were needed, followed by another and then another. At the close of 2003 core support for the four Northern Tier foundations ended. Support for the two Balkan foundations began in 2000 in Romania and 2003 in Bulgaria and will continue for several more years.

Thanks to the foundation directors, EPCE core support has become a smaller and smaller percentage of their budgets. By 2003 core funds ranged between 10 and 30 per cent. Will the four Visegrad foundations be able to replace these core funds which are so critical for the support of sensitive and controversial civil society issues such as the environment, advocacy and human rights? Based on their steadily growing record of accomplishments, there is a good chance that they will – but we all know it will not be easy. Today, they are much more than grantmakers; they are a resource for NGOs in all important aspects of NGO management, strategic and policy planning, media and outreach, establishing links with other sectors of society, and anticipating new problem areas. They are true catalysts and facilitators within their societies. I also anticipate that the core funders and EPCE foundations will continue as partners in some way. One of our core funders<sup>4</sup> has already taken an important first step to invigorate the foundations’ endowment fundraising drive.

### The Trust

The Trust was launched in 2000 by private funders<sup>5</sup> who sought more comprehensive ‘sustainable strategies’ before international funding disappeared. Its aim is the development and long-term stabilization of civil societies in seven countries: Bulgaria, the Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia. In order to achieve this, it focuses not on the needs of community-based NGOs – with small local grants and a bottom-up approach – but on the fundamental needs of civil society: supportive legal, fiscal and political frameworks; capable institutions that ensure its financial sustainability; and well-developed indigenous support and philanthropy.

The Trust<sup>6</sup> is now in its fourth year of a ten-year lifespan. It is managed from Warsaw by an experienced staff of Central and East Europeans. It began grantmaking activities in the Northern Tier countries and Slovenia, where outside support had been

1 The estimates of foundations and funds are based on research by Kevin F F Quigley and Nancy Popson. The publication is Quigley (1996) *Conversations on Democracy Assistance* East European Studies, Woodrow Wilson Center.

2 The Atlantic Philanthropies, Charles Stewart Mott Foundation, German Marshall Fund, Rockefeller Brothers Fund, Trust for Mutual Understanding.

3 Website: [www.epce-consortium.org](http://www.epce-consortium.org)

4 The Mott Foundation has provided a challenge grant of \$1million to be divided among the five foundations (EPCE Bulgaria is still too young and therefore not yet included) to build their own endowments.

5 The Atlantic Philanthropies, Charles Stewart Mott Foundation, Ford Foundation, German Marshall Fund, Open Society Institute, Rockefeller Brothers Fund.

6 Website: [www.ceetrust.org](http://www.ceetrust.org)

drastically reduced, and is now preparing programmes in Bulgaria and Romania. Competitively selected, indigenous, non-profit partner organizations implement and monitor the activities and programmes developed in each country.

With its much broader mandate and considerable resources, the Trust raises great expectations that it will set an example for a new approach to sustainable grantmaking and effective 'exit strategies'. Its partners have started a range of innovative programmes from fundraising to working on third sector legislation and making institutional grants to key NGOs to strengthen their long-term fundraising potential. Both the agenda and the challenges are demanding. Will the Trust succeed, for example, in one of its major goals of leaving a few strong and mature NGOs behind to stabilize the third sector in each country? Will it be able to turn the funding culture in those countries around to make that possible? I believe that it will make a difference in its major objectives and create a more supportive environment in which NGOs can flourish – even though by their nature NGOs will face always some degree of uncertainty.

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## The future

Central and Eastern Europe has long seemed to me a laboratory to test the validity and long-term effectiveness of our various grantmaking approaches to civil society. Thanks to years of support, the 'American NGO model', characterized by independence and non-governmental support, has become firmly entrenched in the region. NGOs like the EPCE foundations have been able to tackle important but sensitive and often neglected issues such as human rights, citizen participation, consumerism, urban sprawl, environmental problems, and lack of access to information. European NGO support, however, depends heavily on government funds and emphasizes services, education and consensus-building activities. For NGOs and foundations to maintain their independence, they need sustainable funding. If they succeed, all of our individual and joint funding efforts, including the EPCE and the Trust, will have had a hand in it.

What works and what doesn't will be a good lesson to learn and to apply elsewhere, hopefully with even stronger public/private partnership support. @

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