

Association for Community Relations

Annual Report 2008



In 2008, ARC has worked at four levels with the following long-term goals:

1. Nonprofits: We help nonprofit organizations develop their understanding of financial and organizational sustainability in the context of private resource mobilization; develop a successful and ethical fundraising practice, and better engage individual donors.

2. Donors: We support the continuous and coherent corporate social involvement as donor and facilitator of private engagement for public interest causes.

Through our work with nonprofit organizations, companies, specialized institutions and at the level of favorable environment, we help create processes, mechanisms and institutions that allow and encourage individuals to direct their surplus resources to public interest causes.

3. Specialized institutions: We support the creation and development of institutions specialized in transparent mobilization and distribution of private resources, such as community foundations and other types of grantmaking foundations that offer a framework for engagement of a variety of individual and corporate donors.

4. Favorable environment: We contribute to engaging key society actors (nonprofits, companies, national and local authorities, banking and financial institutions, universities) in understanding and promoting private support for public interest causes and nonprofit organizations; to identify together effective and transparent processes and mechanisms that allow for trustful relations related to private resource mobilization and to create or update legal and regulatory frameworks for this field.

The work of ARC in 2008 5 strategic areas, which also serve as a basis for structuring this report:

1. Supporting the development of effective private resource mobilization practice for select nonprofit organizations
2. Supporting the social involvement of select companies:
3. Supporting the creation and development of community foundations
4. Supporting the creation of a favorable environment
5. Developing ARC as an effective organization, rooted in Romanian context and needs and connected to international trends in theory and practice.

1. Supporting the development of effective private resource mobilization practice for select nonprofit organizations



Current Account in Community Program is a field-consulting program for NGOs with an interest in developing their fundraising capacity from private sources. In 2008, we worked with a limited number of organizations, based on their request to continue consultancy processes started in 2007. Beneficiaries included: Caritas Confederation, Caritas Satu Mare, Caritas Alba Iulia, Romanian Angel Appeal. As a result of the work with Caritas Confederation, a first national campaign was carried by three organizations from the confederation that raised over 130,000 USD for one common program. During 2008, we have carried an internal and external

evaluation of the consulting program. The decisions related to the continuation of the program include: focusing on a small number of organizations where the chances of success are higher; increasing the demands from our clients in terms of high level commitment; including cost-recovery mechanisms; strengthening the reflecting and challenging role on our side. The renewed program will be available for new organizations in 2009.

National Community Fundraising Conference, 5th edition was organized in April 2008. The Conference brought together over 90 participants representing around 50 NGOs. The Conference has 12 workshops and 3 plenary sessions, and almost 20 resource persons. The most appreciated workshops were 'Special events of the year', 'Direct Solicitation', 'Messages that build up the organizations', 'Corporate Foundations', 'Cause related marketing'. One of the plenary sessions was focused on presenting a pre-view of the results of ARC's latest study on donor's motivations and size of donations in Romania. Around 20 speakers and resource persons were involved on a volunteer basis. The conference is traditionally fee-based, covering part of its direct costs. This year the conference benefited from in-kind support from RTC Foundation.

The atmosphere was appreciated as *"challenging, full of ideas, animated, motivating, efficient"*. Participants appreciated the content of the event *"I found enthusiasm and professionalism in the non profit sector; I appreciated the presence of the resource persons that shared their experience with the beginners"*

Resources for Viability Fund aims to support CSOs that want to improve their fundraising practice by addressing new fundraising methods, approaching new donors or upgrading them, with an emphasis on the importance addressing individual donors. The Grant Program had 24,000 USD available for the CSOs in 2008.

The grants with a total value of 24,000 USD have helped raising raised around 50,000 USD and recruit more than 600 individual donors through methods like special events, direct mail, one-on-one sponsorship and public campaigns. 8 CSOs tested new fundraising methods and managed to approach new categories of donors.

The grantees include: The Romanian Foundation for Children, Community and Family, Cluj; „Maria” Association - the Association of the Women in Brad;

mediaORG, Bucharest; Greek Catholic Caritas, Oradea; Vasiliada Association, Craiova; ViitorPlus, CREATIV Association and Sign of Life from Bucharest.

5 NGOs received small scholarships to participate to fundraising conferences, to acquire books, data bases or software applications related to resource mobilization.

One of the grantees talks about the relevance of the grant:

"I realize how important it was for Caritas, and especially for me personally to have ARC's support. I am convinced that many of our ideas would not have been put to practice without your support, and that many ideas would not have crossed our mind without you. Personally I recognize your merit of challenging me to find new fields and creative solutions to old problems. For that I want to thank you!" (Adela Ghitulescu, program coordinator, Caritas Alba Iulia, grant beneficiary)

APARTE Resource Mobilization Network is platform of cooperation for NGOs and fundraising practitioners, gathering representatives from 15 NGOs, mostly for the social field. All network members have signed a membership charter that includes adhering to an ethical code in fundraising. The work of the network is structured on three subgroups: internal communication and learning, external communication and advocacy and ethics & transparency. Network members have developed a material that outlines the benefit for private donors in supporting the work of NGOs as well as the additional benefits regarding transparency and accountability that the network membership brings.

Two network meeting were held in 2008, one in April, back to back with the Fundraising Conference and one in September. The first meeting focused on analysing existing context in Romania, while the second one focused on internal organizational issues (committee elections, developing committee plans). Each committee has a workplan for 2009. Each meeting typically has a part dedicated to sharing news and experiences related to resource mobilization and then focuses on the main topic of the meeting while the end of the meeting is dedicated to organizational issues. Most network members participate constantly in meetings (attendance rate is about 80% of membership) and have agreed to pay a membership fee starting 2009. The first meeting in 2009 will be dedicated to the enlargement of the network and will be most likely held again back to back with the fundraising conference. One recent development is that network members have started to organize informal "internships" where they visit each other and exchange experiences or even volunteer for short periods.

Post-graduate resource mobilization program: 2008 was dedicated to the accreditation of the program, development of curricula and student selection and enrollment. The course is now officially accredited with the Political Sciences Chair of the Babes Bolyai University in Cluj. 12 students were selected for the course from 15 applicants. This number allows for one to one interaction with the students, individual feedback on their work. An e-learning platform was developed in order to allow for posting learning resources, examination, group projects and seminars. Activity is structured around three residential modules, five days each that focus on: (a) Civil society and resource mobilization context in Romania, (b) Non-profit marketing and communications, (c) Fundraising methods, (d) Developing fundraising abilities, (e) Managing a resource mobilization organization, (f) Ethics and relevant legislation. Courses are scheduled to start in February 2009 and end in June 2009.

Together with the Resource Mobilization Network and the Ethics Code, the postgraduate course is a step in developing the fundraising profession in Romania.

2. Supporting the social involvement of select companies



During 2008 a set of services for corporate donors were developed. The goal was to improve the quality of the resources that companies in Romania make available for the non-profit sector. We do so through (a) consulting for companies that want to become more strategic in their community involvement, (b) evaluation of their community involvement activities and by (c) a corporate volunteering program that brings together NGOs, employees and companies. All components are meant to contribute to ARC's financial sustainability as they are fee based and run on a full cost-recovery or preferably income generation basis.

Community involvement consulting program: The main achievement in 2008 was working with BRD Groupe Societe Generale, one of the largest banks in Romania to develop the first national payroll-giving scheme. More than 1000 employees in five pilot cities (Bucharest, Cluj, Iasi, Constanta, Timisoara) have joined the system. Almost 100,000 USD are raised from the employees and matched by the company, creating thus a 200,000 USD grant fund for NGO initiatives in the area of disadvantaged children and youth. Grants are awarded through an open, competitive process. 12 projects have been short-listed at the end of 2008 and grants will be awarded at the beginning of 2009. The extension of the program to other cities will be made after the grants are awarded.

Additionally we have worked with two other companies, Electrogrouop and Impact Developer by assisting them in identifying an issue relevant to company and community to work on over longer term and in finding a suitable NGO partner. Electrogrouop has decided to focus on education – mainly on improving the infrastructure for the educational process in schools, while Impact Developer will work on an environmental issue in Cluj Napoca. Talks have started with Lafarge Romania, a major construction material company for a consulting process that will lead to a more focused strategy for their community involvement activities as well as improved mechanisms for interacting with non-profit organizations.

Community Involvement Benchmarking Service: This service is based on a UK tool for measuring the performance of Corporate Community Involvement, the London Benchmarking Group (LBG). The tool is currently used in 9 countries (e.g. UK, US, Czech Republic, Spain) by more than 120 companies. A business plan has been developed for this service. For 2009 we plan to have 7 companies that use the system and grow annually with two more companies. OMV-Petrom (oil & energy), BRD (banking), Alexandrion Group (FMCG), and Lafarge Romania have already joined and started to use the service. The LBG Romania offers not only a performance evaluation tool, but also in depth networking opportunities for those who use and consulting for developing their community involvement practice.

3. Supporting the creation and development of community foundations



2008 was also a year of substantial progress on the community foundations program. 2 community foundations have registered (end of 2007, early 2008) in Cluj and Odorhei and started their independent fundraising and grant-giving programs. While the pioneering work is still challenging, the human resources involved in the two foundations are confident and energetic, successfully mobilizing financial and volunteer support. Both foundations have focused on communicating their presence and identity, creating and working with the board and executive team, identifying needs and opportunities and creating and administering funds in response to these. Both foundations have the experience of at least two grant rounds.

ARC's role was to support the community foundations development with expertise and facilitation work in areas linked with grant-making, fundraising, communications, board and staff relations. Thus two national workshops were organized – one on communication-fundraising and one on strategic thinking and grantmaking. In the above areas, ARC also offers continuous on demand information and consulting. ARC also encourages exchanges and mutual support between the two foundations, facilitating visits or common meetings in Cluj and Odorhei.

During 2008, a mixed team of national program and representatives of the two community foundations participated in various international community foundations events – two in the region in Krakow and Eger and one in Montreal.

While earlier ARC has played a more proactive role in the development of Cluj Community Foundation (CCF) an important process in 2008 was the split between the national community foundations program and CCF initiative. This resulted in a change of relations from more active involvement within Cluj team towards building a support relation with the new foundation. In this new role, ARC has supported CCF in building the board policies related to grant-making, transparency and fundraising as well as facilitated a strategic planning board and staff retreat.

Another large area of focus for the community foundations program in 2008 was planning a ten-year strategy for the development of 14-16 community foundations in Romania. For this, ARC has gathered information about international experience, negotiated a partnership with PACT Foundation and Romanian Environmental Partnership Foundation and has started a process of building and raising resources for this strategy. A donor meeting was organized in November, with a firm commitment from one donor and three more important donors with serious interest, allowing us to start the involvement of new communities in 2009.

4. Supporting the creation of a favorable environment

Advocacy Component of the Resource Mobilization Network



In 2008 most of the work was focused on two main directions: analyzing the current context and develop new giving mechanisms especially for individual donors.

The current context is seen as favorable with regard to companies (significant fiscal facilities for companies) but as average regarding individual donors: 2% provision plays an important role, but there are no other facilities for individual donors, nor are there any incentives for bequest donations, setting up trust funds or endowments. Given though the expected slowdown of growth and fiscal deficit of the state budget, network members felt it would be too risky to now start advocating for such incentives.

Preparation work for a new tool that combines direct dialogue (face to face solicitations in public places) and direct debit donations (recurrent donation through the bank account of the donor) was started UNICEF Romania and BRD have started to develop a system which will be functional in 2009. Depending on the success of the system, other network members might adopted and try to expand it to other banks as well. We were happy to observe that NGOs that can be considered direct competitors (UNICEF Romania, SOS Children Villages and others) are working together and sharing information in order to develop this giving mechanism.

Network members have commonly developed a paper that makes an argument for increased cooperation among the business sector and NGOs in the area of Corporate Community Involvement. The material will be used by Network members for supporting their interactions with the business sector by making a better case for supporting their work.

People for People Gala with the goal of rewarding individual and corporate donors, resource mobilization professionals has reached its sixth edition. In order to allow for a better preparation of the event, increase the diversity of projects, reach out to small and medium enterprises and individual donors we have decided, together with our partner, the American Chamber of Commerce in Romania to move the event in spring 2009. We plan to increase the membership of the evaluation committee and develop a mass media board as well with the aim to increase the visibility of the event and of the nominated projects. In order to make both the application and evaluation process easier we have developed an online platform. At the time the report is written 120 nominations have been received, a number similar to last year, but from a more diverse constituency. Individual donors and SMEs are better represented both in quantity and mainly the quality of the nominations. The event will take place on the 5th of March 2009, in Bucharest.

2% provision campaign – Put your signature on a good deed!

This was the fourth year of offering an information service to NGOs, individual taxpayers and companies.

Given that in large and very large cities 60% of the taxpayers know about the 2% provision we did not feel the need to run a broad information campaign anymore and focused on offering online resources on the www.doilasuta.ro website. More than 50,000 unique visitors have used the site and made more than 100,000 searches in the NGO database, downloaded more than 15,000 times the designation form and 800 times the NGO campaign guide. According to a Google service almost 100 websites are linking to www.doilasuta.ro, from personal blogs, to non-profit and corporate websites. Almost 200 inquiries for information have been answered by email and approximately 100 by phone. We plan to continue with an online information campaign for at least the next two years.

Trends in Romanian Philanthropy and other informative resources

Based on a representative sample opinion poll done at the end of 2007, in beginning of 2008 we prepared a research report regarding the philanthropic behavior of the Romanian population and its opinions on the social involvement of the business sector. Main areas covered by the opinion poll and study report include: size of philanthropic individual giving, strategies of giving, motivations of giving, future of giving. Additionally, the study includes information about the use of the 2% provision (that allows individual taxpayers to allocate 2% of their income tax to an NGO of their choice) and the public perception regarding Corporate Social Responsibility activities of the business sector.

Findings of the study were presented to NGOs during 2 national conferences, at the board meeting of the Trust for Civil Society in Central and Eastern Europe, at the National Fundraising Conference, the Resource Mobilization Network and in consulting processes with NGOs. Conclusions were also presented in meetings with the Ministry of Finance regarding the 2% provision, in consulting processes with businesses interested to improve their community involvement practice, in a national business leaders conference organized by a major financial publication in Romania as well as to some political parties in the process of developing their political platform before the 2008 elections.

ARChimia - The two issues released in 2009 provided information, interviews and case studies on fundraising issues "Ecology of fundraising" and "Partnerships with or without profit". Some of the topics were – the role of the fundraiser in the organization and the business approach and what NGOs can learn from it. Approximately 400 copies of each issue of ARChimia are distributed for free and based on demand to nonprofit organizations.

5. Developing ARC as an effective organization, rooted in Romanian context and needs and connected to international trends in theory and practice

Intelligent Money – Private Resources for Development - Regional action research

In 2008 ARC in partnership with Center for Philanthropy Slovakia, VIA Foundation Czech Republic and Workshop for Civic Initiatives Foundation Bulgaria carried an action research with the purpose to explore the context of private giving, from the perspective of the resource giving process and impact on the effectiveness of nonprofit development work. Another important area of the research was to explore the response of various resource mobilization support organizations (partners included, but other similar organizations too) to this context and trends. The research focus was planned cooperatively and research results and their relevance to the partner organizations were analyzed at both country level and regionally, involving both the research team as well as the partner organizations management. For each partner, the learning points are connected to their own organizational situation, for ARC the most important learning point is linked with importance and growing potential of larger individual donors. This, together with the financial crisis are strong incentives for us to start some exploratory initiatives in this area, probably in 2010. The research was also helpful for us in identifying the main points of differentiation between the position of companies and the one of the nonprofits in the process of mobilizing and spending resources for community impact.

Staff development - Resource mobilization consultations

As mentioned under the first strategic goal, an important area for ARC's internal learning was focused on NGO consulting program, both trying to assess the practice and results so far, but also importantly planning a new strategy for the future. For this purpose, a series of internal staff events were focused on learning from consultants' experiences so far, assessing actual and desired results in our client organizations and reviewing our own practice and contribution to these results.

In addition to the internal evaluation, we have also contracted an external evaluation with support from David Harding. Through this, we have assessed motivations of the organizations to join the program, discussed our own expectations and the areas that are under our influence. Some of the issues touched during the facilitated process referred to: the role and constraints of the consultation processes, the strengths and weaknesses of stages of the consultation process in our practice, types of consultancies we do (technical assistance, strategic fundraising, organizational development), the human factor in the consultancy process, dealing with difficult situations, ways of improving practice, next steps and new approach in the consultancy program.

An internal resource guide for consultants and the evaluation document are both outputs of this process to serve the next steps in the program for 2009-2011.

Staff retreat and quarterly meetings: While the consulting program was an important focus of our team events, we also worked to expand the knowledge and skills of staff in areas linked with fundraising, organizational development and presentations as well as discuss the dynamic in the team in terms of roles, workload, capacity and communications.

Orientation of new staff: Based on the analysis of team workload, responsibility and capacity we have recruited, selected, hired and began orientation of 3 new full time staff – one administrative replacing the financial and administrations assistant and two for the NGO and business program.

ARC's Board:

Anca Harasim- executive director, American Chamber of Commerce
Laszlo Potozky – executive director, Environmental Partnership Foundation
Ciprian Taraca – talent development manager, Orange Romania
Andreea Rosca- Business Press Division in Realitatea-Catavencu media company

ARC's Staff:

Dana Pirtoc, executive director
Catalin Gheorghe, communications director
Alina Porumb, research and development director
Mariuca Iuga, finance manager
Roxana Sofica, NGO programs and publications coordinator
Ioana Brasovean, business programs coordinator
Cristina Barsony, information resources coordinator
Ioana Campean, financial and administration assistant

ARC's Financial Resources

As expected, 2008 was a more difficult year financially, without institutional support from public sources (e.g. USAID/World Learning and European Union Phare grants), leading to a comparative decrease of the organizational budget compared with 2007. This decrease partly explained through separation between ARC and Cluj Community Foundation initiative and partly explained through decision not to engage in large public communications campaigns such as 2% or social involvement marketplace in 2007. The financial crisis added an unexpected crash of the resources from the business through sponsorship. If in 2007 we have raised approximately 100,000 USD through business sponsorship, mostly to be spent in 2008, including for the Cluj Community Foundation initiative, in 2008 the amount raised through sponsorship is very low, around 4,000 USD, also explained through less involvement on high profile events/public communication campaigns which are highly attractive for business sponsorship. Still, we have managed to keep a steady income and diversify sources for the fees, especially from the business – around 40,000 USD in income for London Benchmarking Group (LBG), People for People Gala etc. and we expect that revenues generated through business fees will increase in the following years.

In the following years, we expect that financial situation will still have a degree of uncertainty due to changes on both public institutional donors as well as private corporate donors, which are independent of our fundraising efforts. We are trying to compensate part of this uncertainty through own generated income and cost-recovery mechanisms, and previous investment in income generating services for business such as LBG and consulting started to bring benefits, as this area seems to be less affected than the sponsorship one. We are reasonably confident, although still in alert, that we will manage to keep our existing core services and core staff, as well as extend on the community foundations program with the start of the new national initiative.

Expenses	Amount (USD)
Salaries and fringe benefits	134,935
Consultants and contractors	27,040
Office costs	23,821
Communication	8,882
Postage and delivery	873
Equipment and informational resources	11,292
Printing, publications and campaigns	3,026
Grants	49,383
Travel	39,562
Meetings and events	25,633
Organizational development	766
TOTAL	325,213

Income	Amount (USD)
C.S. Mott Foundation	100,000
Trust for CEE	34,995
European Union	29,832
NEST, Peace Corps	6,102
Sponsorship	4,677
Income generating activities and interest	34,505
Fees for events	4,959
VAT Recovery	20,302
Balance from previous year	229,437
	464,810

2008 Financial statement	Amount (USD)
Balance from previous year	229,437
Income in 2008	235,373
Expenses in 2008	325,213
Balance at the end of the year	139,596