

How a Corporate Foundation Can Change the Way an NGO Does Business.

The Partners.

Founded in 1951 and based in the city of Córdoba, the ARCOR Group is an Argentine multinational that produces over 1,500 types of candies, chocolates, crackers and other foods. With 31 factories and 13,000 employees, ARCOR exports to over 100 countries worldwide. The ARCOR Foundation was created in 1991 to honor ARCOR Group founders and to improve the standard of living of Argentines. Its staff of seven administers an annual program budget of one million pesos.

"A business is well when the community is well," my father [ARCOR Group founder Fulvio Pagani] always used to say...It is difficult to imagine greater business results without improved social scenarios. And to improve them, in our perspective, is to support the community not just in resolving a need, but also to encourage its spontaneous initiative to organize itself and act with autonomy in response to other needs. This is why we work with civil society organizations. Amid a panorama of scarce resources and a complex and growing social demand, we have the duty to do good, and to apply the same criteria of quality that apply to our business work to the development of our social commitment."

Lilia M. Pagani, President, ARCOR Foundation

In 1996, the ARCOR Foundation and the Inter-American Foundation (IAF) created a grant-making fund to support non-governmental organizations (NGOs) in five Argentine provinces – ARCOR's first experience of this type. In addition to benefiting numerous people and communities, this fund allowed the ARCOR Foundation to transfer business principles to recipient groups, mobilize public & private resources to meet the fund's goals, and formalize and professionalize its own operations.

FEPIC.

Between 1996 and 2000 the ARCOR Foundation and the IAF contributed \$240,000 each to create the Fund for Training, Education, Prevention and Community Integration (FEPIC). FEPIC financed 22 NGOs in the areas of nutritional health, at-risk youth and non-formal education. The greatest impact of the fund, however, has been in the intangible transfer of business acumen from ARCOR to its partners in the community. The IAF was critical in getting ARCOR to consider the community as its partners.

The ARCOR Foundation organized periodic exchanges among grantee organizations working in the three thematic areas to compare strategies, coordinate efforts, and analyze and resolve difficulties. Periodic monitoring visits helped groups adjust their strategies and resolve implementation problems along the way. Furthermore,

ARCOR

Between 1996 and 1999 the Inter-American Foundation committed \$US 240,000 to the Arcor Foundation. Counterpart funding from Arcor amounted to \$US240,000 for this particular program.

*The scope of the Arcor Foundation's activities goes beyond IAF funded projects.

the ARCOR Foundation supported publications such as a highly demanded book that summarized the methodologies and results of their nutritional health projects.

Through FEPIC, the ARCOR Foundation made a dramatic philosophical and operational shift. Previously, the ARCOR Foundation responded to scattered requests for donations from individuals or entities such as schools and hospitals. FEPIC marked a significant change in ARCOR's work by orienting its support to NGOs with a focus on community development and by fostering ongoing projects and programs with clear funding criteria.

In the process, ARCOR shifted from making donations to making social investments, from being reactive to being pro-active, and from operating informally to operating with greater specialization, order, and professionalization. As a result of these changes, FEPIC allowed the ARCOR Foundation to shift from depending solely on its own resources to working in similar partnerships with other national and international entities, both public and private.

Finally, as a result of this project, the ARCOR Foundation adopted the IAF's Grassroots Development Framework for measuring project results. Now, ARCOR and its grantees know exactly how many project beneficiaries have increased skills and knowledge in areas ranging from child development and nutritional education (including breastfeeding) to reading & writing and community gardening. According to Ms. Peralta Director of SEAP, a grantee of FEPIC, "we now have data about results that is both qualitative and quantitative. We continue to gather information using the same indicators even though the project with ARCOR is formally over."

FEPIC's grants mobilized \$1.3 million in counterpart resources such as donated labor, use of community facilities for training programs, and matching funds leveraged from public and private sources. In other words, each dollar provided by the ARCOR Foundation leveraged four dollars in turn – one provided by the IAF and three mobilized by the grantee organizations. Several grantees went on to successfully secure funding from public and private sources to sustain their projects.

To understand the value added the IAF had on ARCOR's philosophy and, in turn, the value added ARCOR had on the NGOs supported through FEPIC, consider the following projects:

Cáritas. Transforming Individuals and Communities.

FEPIC made a grant to Cáritas of Córdoba City to provide training in nutrition to women who cook for ten community soup kitchens, who in turn trained women at twenty additional sites. Unforeseen benefits of this program include the transformation of these soup kitchens into sustainable community centers. Also, illiterate women became literate community leaders capable of organizing and mobilizing resources for income-generating activities for the adults and tutoring for the children.

According to Cáritas' Celia Susana Fava, "in addition to the results at the community level, there have been lasting results inside Cáritas. Through this project we took on a business logic in our work, partly from the financial and programmatic reports that were required. For the first time, Caritas adopted the practice of planning, managing

project-level budgets, projecting growth, and measuring results.” The World Bank showcased this project in its Partnerships for Poverty Reduction program.

SEAP: Setting in Motion Community Development.

FEPIC made a grant to Córdoba’s Servicio a la Acción Popular (SEAP) to train five to ten “promoters” each in five impoverished communities to develop and implement initiatives to serve at-risk youth. According to SEAP’s María Inés Peralta, “as a result of the training, we saw a qualitative leap in the community work [aimed at children]. Furthermore, although the FEPIC project has ended, the promoters continue to sustain projects that help these youth, especially adolescents. We also created a center for educational orientation in a very poor neighborhood. The cooperative there has taken responsibility for the children’s library and other initiatives and has institutionalized these programs.”

This project is now used as a case study for students preparing to be teachers. Indeed, an unforeseen project result has been SEAP’s increased ability to secure the inclusion of topics related to working with impoverished students in the university curricula for teachers – an absolutely critical but totally lacking element of their training. Ms. Peralta adds, “the promoters have lost their fear of speaking in public and have become actors with weight in the eyes of professionals, academics and public officials. They often become involved in situations in their communities such as domestic violence, which leads to processes of community organizing and intervention with public officials. In other words, women working at soup kitchens or day-care centers have now expanded their work and set in motion community development processes.”

According to Ms. Peralta, “NGO’s like SEAP normally focus on the extended *process* of our work, but the ARCOR Foundation insists that its grantees show *products* as well. This insistence was good for us. We learned that we could show process through our products, for example written material that made our project replicable. This is something that would never have occurred to us alone.” She added, “at the same time, ARCOR was absolutely respectful of our institutional priorities and never required us to adjust our objectives, policies or activities. Our relationship with ARCOR has been agile, dynamic and harmonic.”

Lessons Learned:

- FEPIC’s results have been sustainable. According to ARCOR Foundation Manager Claudio Giomi, “for a project to be sustainable, the initiative must come from the community organization. Also, strengthening those organizations and their people is what makes the results sustainable. The projects funded by FEPIC tend to create capacity for replication. That is, they leave installed resources and knowledge that later are multiplied in other communities and organizations;”
- The impact on the corporate donor of administering a small-projects fund can be stunning. In the words of Claudio Giomi, “the wisdom and experience acquired through our partnership with the IAF transformed all of our work. It also made it possible for us to leverage additional resources by establishing new partnerships with corporations and other entities in Argentina.”

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