

WAYS TO ENGAGE

BEST PRACTICES GUIDELINES

DEVELOPING A PROGRAM

GIVING POLICY STATEMENT

DUE DILIGENCE CHECKLIST

GUIDELINES FOR WRITING PROPOSALS

BUDGET & FINANCIAL WORKSHEETS

GUIDELINES TO MEASURING SUCCESS

RESOURCES & REFERENCES



The Asia Foundation

Best Practices Toolkit for Community Engagement



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Using the Toolkit

This Best Practices Toolkit for Community Engagement provides guidelines and suggestions for individuals, foundations, and businesses to develop or refine their own community engagement strategies. In-depth explanations are coupled with worksheets and sample models to provide the most robust and complete picture possible. You can use many or a few of these criteria in your own strategy, depending on your individual circumstances and resources. Some of the worksheets provided can also be used by non-governmental organizations as references to develop their programs and proposals.

The Commentary sets the stage and is associated with a series of three essays written on current practices in Hong Kong.

Sections II-V include guidelines, worksheets, and models that can be used to develop your own giving and engagement strategy. Guidelines provide detailed explanations. Worksheets and checklists are meant to be used to develop internal strategies and systems. Models can be used as templates or samples.

Section VI lists resources, references, and websites of international and local organizations working in philanthropy, corporate community engagement, or corporate social responsibility

that donors, nonprofits and non-governmental organizations can use when seeking further advice and information.

The final section includes three interpretive essays on Hong Kong's engagement practices and recommendations for improvements. The views expressed in these essays are the authors' own and do not represent the views of The Asia Foundation.

The Asia Foundation also provides a companion publication entitled, *Directory of Hong Kong's Non-governmental Organizations and Foundations*. The directory lists organizations alphabetically and by theme issue for your easy reference. These directories do not represent a complete list of Hong Kong's NGOs and foundations.

For additional information or support in using this toolkit, please contact:

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I. Commentary: Critical Issues Facing the Nonprofit Sector in Hong Kong

Three Perspectives on Philanthropy in Hong Kong

by Barnett F. Baron, Executive Vice President, The Asia Foundation

Private philanthropy in Hong Kong is built upon a solid foundation of history, practice, and generosity. From its earliest colonial days, voluntary self-help organizations emerged among diverse Chinese immigrant populations to cater to the health, welfare, and educational needs of their communities. Numerous foreign missionary societies also provided social welfare services. In the post-1949 era, local and foreign voluntary organizations emerged or expanded to serve newer waves of immigrants, largely funded by generous philanthropic support. Like immigrant societies elsewhere, including the United States, voluntary organizations in Hong Kong based on shared place of origin, family or clan ties, religion, language or dialect, occupation, or other self-defined characteristics were in the forefront of social service provision long before government became the major funder and regulator. In Hong Kong, widespread social unrest in the late 1960s, linked to the Cultural Revolution on the mainland, created shock waves that changed government's laissez faire approach to the provision of social welfare services, particularly services aimed at unemployed youth. From the mid-1970s on, Hong Kong social welfare organizations gradually became increasingly dependent on annual funding ("subventions") from the Hong Kong government, to the point where they have been accused by some of becoming privileged extensions of government bureaucracy. With the onset of the Asian financial crisis that began in the summer of 1997, the Hong Kong government launched a series of experiments, policy changes, and incentive programs designed to wean social welfare organizations from over-reliance on government subsidies, increase efficiency and operational effectiveness, improve the quality of their services, and

encourage private philanthropy — particularly corporate philanthropy — to assume a larger share of the burden of funding social welfare services.

The three papers commissioned for this Toolkit briefly touch upon some of the critical issues facing the nonprofit sector in Hong Kong today, including the need to improve non-governmental organization (NGO) performance and cost-effectiveness; increasing private support for social welfare services; and increasing the public accountability of subvented and tax-privileged nonprofit organizations, including family foundations.

Improving NGO performance and cost-effectiveness

Improving NGO performance and cost-effectiveness is an issue of global relevance, but the parameters of the debate in Hong Kong are heavily influenced by the government's determination to reduce its share of direct funding for those services as part of a larger effort to reduce the cost of government operations. In order to attract additional private funding, both the government and potential private donors have identified the performance and cost-effectiveness of social welfare organizations as well as government direct-provided social services as critical areas needing improvement.

Professor Chen Yun-chung briefly notes various government-initiated administrative reforms launched after the budget crisis of the late 1990s, including the introduction of enhanced and more integrated service standards, the Service Performance Monitoring System, Lump Sum Grants, increased use of

service contracts, gradually reduced subventions, and the Social Welfare Department's voluntary *Reference Guide on Best Practices for Charitable Fund-raising Activities*. The major emphasis of Professor Chen's paper, however, is to advocate a novel approach by private donors to increase NGO cost-effectiveness and impact. Chen perceives (and advocates) "a quiet revolution" in Hong Kong; an emerging "new philanthropy" that is issue oriented, engages NGOs closely, and wants to see specific and targeted results, similar to the "venture" or "high-engagement" philanthropy that has attracted attention in the United States. He argues that a more investment-like approach to "philanthropy" will improve the management and decision-making capacities of nonprofit organizations, increase their cost-effectiveness, and produce higher-impact and more readily measurable results.

In her paper, Edith Terry suggests that Chen's vision of the future has already arrived in Hong Kong. "Private philanthropy in Hong Kong has both the virtues and the flaws of the family-controlled companies whose earnings have created the wealth that translates into generosity, often on a grand scale." All four foundations she profiles prefer to operate in the "classic Hong Kong mold of owner-operated charities, in which the relationship of individual projects to donor resembles that of listed company to controlling shareholder... The result may be exhausting for NGOs who are on the receiving end of such funding, but it ensures a high success rate in projects."

Venture philanthropy and "high engagement philanthropy" are terms used in the United States to describe the selective application of business principles to a nonprofit environment.¹ In this approach, which has several variations, donors provide both financial and management support to assist nonprofits in achieving a negotiated set of project outcomes. "High engagement" donors typically apply six

principles in their approach to philanthropy, which:

- focus on strengthening the management capacity of the recipient's organization rather than the technical content of the recipient's operations;
- become deeply engaged in the recipient organization's management structure, including participation in the selection of the organization's senior management team, taking a seat on the organization's governing board, and engaging directly in the implementation of projects;
- typically commit to providing multi-year funding—provided that the recipient organization meets the donor's standards and requirements;
- can support only a limited number of organizations at one time, given the heavy demands of such close management engagement and the commitment of multi-year financial resources;
- insist on applying quantitative measures of project impact and the return on their investments, which in practice usually means limiting support to projects with results that can be readily measured; and
- require an "exit strategy" or plan for the organization's financial sustainability after donor support terminates in three to five years.

Despite the obvious attraction of applying such business practices to improve the management of nonprofit organizations, venture philanthropy remains a fringe movement within U.S. philanthropy, with relatively few practitioners and accounting for a tiny fraction of philanthropic expenditures. These projects are mostly in primary and secondary education or the provision of job opportunities for disabled or otherwise handicapped people, fields in which the problems are more tractable and results can be more readily measured. There is

considerable controversy over the “venture philanthropy” approach in the U.S, including fundamental disagreements over the appropriate social roles of non-profit and for-profit institutions and the management styles best suited to each. Moreover, the intense management engagement that this approach requires necessarily limits the number of corporations and entrepreneurs willing to engage in it, as well as the number of nonprofit organizations willing to benefit from it.² Especially for Hong Kong donors who are already extremely busy and involved on a number of fronts, the venture philanthropy option is simply too labor-intensive and time-consuming to be a practical solution for more effective philanthropy.

In contrast, a growing number of American and European corporations are taking a more strategic look at what they have termed “corporate community engagement,” and are aligning their modes of engagement to core business interests. These corporations increasingly view corporate engagement not as “philanthropy,” which they define as giving money to other people’s causes, but as an integral part of corporate business strategy. Cash contributions to NGOs or community organizations may be part of corporate engagement strategies, but are usually only a small part. In the U.S., at least, corporate cash contributions have steadily declined as a percentage of total corporate contributions. The most recent report by the Conference Board indicated that cash accounted for about 30% of total corporate contributions in 2002.³

From the corporate perspective, in-kind gifts, discounted sales, sponsorships, donated use of corporate facilities, promotion of employee volunteer activities, and the provision of expertise in strategic planning, marketing, and public relations may be preferred ways of assisting voluntary groups rather than providing cash contributions.

Corporations do not see themselves as replacing philanthropic foundations or governments as sources of financial support to NGOs, but the modern corporation does have a sophisticated understanding that its *stakeholders* extend beyond its *shareholders*, and that the corporation must be responsive to the legitimate demands of multiple claimants, including governments, corporate employees, and the communities where they operate. In this perspective, partnerships with non-governmental or community organizations are a prudent investment in a company’s long-term success, contributing positively to brand identity and “license to operate” in local communities; enhanced management, motivation, training, and retention of top quality employees; improved capacity to anticipate and manage risk and conflict; and enhanced capacity to shape public perceptions and increase public understanding of business-centered approaches. In addition, some recent evidence from national surveys suggests that corporate engagement of this nature may have a positive impact on the bottom line in some market segments, particularly among youth and the environmentally conscious.⁴

Increasing private support for social welfare services

Public debate about the funding of social welfare organizations in Hong Kong has become intense in recent years, particularly since the Chief Executive’s Policy Address in 2000, which called attention to the sector’s role in helping to stabilize society by providing services to its most vulnerable segments. Implicit in the Policy Address was the government’s recognition of the role of non-governmental service providers as bridges to the community that could facilitate social welfare policymaking and implementation. The 2001 creation of the “Community Investment and Inclusion Fund,” while fully funded by the government, has as its goal increased NGO-corporate coop-

eration and support. More recent manifestations of these policy goals are seen in the government's 2004/2005 Partnership Fund for the Disadvantaged and its Matching Grant program, both specifically intended to leverage private funding for and community engagement in social welfare and education activities.

In his paper, Laurence Ho, formerly an official in the Health, Welfare and Food Bureau, notes that these policy directions are fully consistent with Hong Kong's traditional desire to limit the scope of government and public expenditures, but represent a sharp turn away from the decades-old pattern of government dominance in funding social welfare. Ho explains that even with government funding dominance, overall public expenditures for social welfare in Hong Kong have remained relatively low — about 18% of the local economy, compared to 35 -55% in most OECD countries. After deducting statutory social security payments⁵ and the operating expenses of the Social Welfare Department, Ho concludes that approximately HK\$6.7 billion is available each year for providing direct social welfare services, representing only 3% of Hong Kong's total public expenditures. He notes that with the exception of services for the elderly, which rose approximately 17% between 2000 and 2004, government expenditures on all other direct social welfare services (offenders, the disabled, youth, family and child services, and community development) actually remained flat during that time period, a conclusion “at variance with the impression obtained by the general public that welfare expenditure has been increasing relentlessly.”

Ho notes the Hong Kong government's desire to increase the role of private philanthropy in funding social welfare services, but questions how far philanthropy can go in reducing the burden on government. He suggests that the more likely solution will be some combination of (a) encouragement of donations; (b) apply-

ing means tests and increasing co-payments from those who can afford to pay; (c) encouraging voluntary payments by offering enhanced services for an increased fee; and (d) considering options for longer term financing arrangements that “are likely [to] require individual contributions made in addition to current tax payments.” Mr. Ho's suggestions are consistent with international experience.

In a seminal article published in the American journal *Foreign Affairs* a decade ago, Professor Lester Salamon decried what he called the “myth of voluntarism,” the mistaken belief that social welfare and other nonprofit organizations in the United States and Western Europe were funded largely if not entirely by charitable contributions.⁶ In fact, as Salamon's Comparative Nonprofit Sector Project subsequently documented based on data from 32 countries around the world, private philanthropy accounts for a smaller percentage of nonprofit revenue than is commonly assumed. In the 32 countries in which revenue data were collected, fees and service charges accounted for an average of slightly more than half (53%) of nonprofit revenue; 35% derived from government grants, contracts, or reimbursements; and an average of only 12% of nonprofit revenue derived from charitable donations from individuals, foundations, and corporations. In the health and social welfare sectors more specifically, the Hopkins study found that government funding tended to dominate in all countries, representing on average 51% of the revenue of health service NGOs and 44% in the social welfare sector. This was followed by fees (36% of NGO revenue in the health sector and 37% in the social welfare sector). Philanthropy still lagged far behind these two dominant sources, with 12% of NGO revenue in health services and 19% in social welfare services.⁷ This pattern also holds in the United States, where private philanthropy accounted for approximately 20% of nonprofit revenue in the health and social welfare sectors in 2003,

despite the fact that individuals, foundations, and corporations contributed approximately \$241 billion to charitable causes in that year.⁸ Even in Hong Kong, the limited data available for 2001/2002 yield a “guestimate” of total charitable giving around \$4.6 billion Hong Kong dollars — equivalent to about 15 – 20% of total third sector income in that year. Even if all of that giving went to social welfare organizations, which is not the case, the charitable component of revenue for social welfare organizations in Hong Kong in 2001/2002 would be consistent with international experience as documented by the Hopkins study – and far from enough to have replaced government as the dominant funder of social welfare services.⁹

Increasing public accountability

Edith Terry writes that “one of the most remarkable contrasts” she found was “between the very high standards of governance and the very low standards of transparency” among the Hong Kong foundations she examined. She concludes that increasing the transparency of family-based foundations is “the most urgent area” of needed reform in Hong Kong, since family-based charitable foundations “set their own priorities, independent of trends or public pressure. While this insularity can be positive for beneficiaries, the corollary is that it is neutral or even hostile to proposals coming from outside. The dominant philosophy is ‘don’t come to us, we’ll come to you.’ The bottom line is that few HK family foundations see any point in operational transparency, through web sites or other means. These could provide openings for external pressure, which they do not want.”

To increase transparency, Terry proposes the establishment of a Hong Kong Center for Philanthropy to serve as a clearinghouse of basic information on foundation priorities, selection criteria, application procedures, and to publicize best practice. Based on her reading

of the Hong Kong context, Terry argues that “[I]t may be easier to persuade the philanthropic community in HK of the benefits of a center or clearinghouse for information and best practices, than of the need for complete operational transparency. Such a center would offer foundations a way to provide limited and voluntary transparency.” One could also argue that, in return for this limited and voluntary transparency, local foundations will gain greater public credibility and stature.

A recent study co-organized by the Centre for Civil Society and Governance of the University of Hong Kong and the Hong Kong Council of Social Service, funded by the Asia Pacific Philanthropy Consortium, noted a similar disconnect between the relatively tight regulation of charitable organizations in Hong Kong and the lack of consistent policy regarding their public accountability.¹⁰ That is, while nonprofit organizations in Hong Kong regularly submit data and reports to various supervising government departments and funding organizations, those submissions are intended to satisfy registration, regulatory, and funding requirements, rather than enhance public awareness of their activities. Public disclosure of data to enhance non-governmental sector accountability to the general public is not a widely shared concept in Hong Kong. While data on NGOs registered under the Companies Act are readily available online via the Companies Registry, data on “societies” registered with the Hong Kong Police Force are available only upon specific written request; the Health Department does not release data on the nonprofit health providers it supervises, and the Inland Revenue Department provides limited data under limited circumstances. The Centre/HKCSS report notes public resistance to creating a centralized database of nonprofit organizations, even those that receive preferential tax treatment, an observation also made by Edith Terry and Chen Yun-chung.

What is the public policy rationale for consistent data collection requirements, better sharing of data among government departments, public disclosure of NGO reporting data, and increased public accountability of the nonprofit sector, including private foundations? In addition to the benefits to family foundations noted by Edith Terry, the Centre/HKCSS report cites the following public benefits:

For the Hong Kong government

- to enable better policy research and policy guidance for the sector;
- to simplify, standardize, and improve government efforts to regulate and supervise the sector and assist relevant departments in better evaluating individual NGOs;
- to ensure that funds enjoying preferential tax treatment (that is, foregone tax revenue) are spent as intended on approved charitable activities; and
- to support government efforts to encourage increased private support of social welfare activities by improving public understanding of the sector's size, diversity, and contributions, while fostering tripartite cooperation among government, NGOs, and business.

For funding organizations

- to provide reliable information about the past performance and organizational capabilities of funding applicants; and
- to ensure that granted funds are spent well and as intended

For the donating public and corporations

- to serve as a reference tool to evaluate the worthiness of an organization before donations are made.

For the NGO community itself

- to enhance its ability to attract charitable

contributions, based on better information about its management, capabilities, and performance; and

- by benchmarking their own performance against that of other NGOs, to enhance the quality of management and governance decisions made by NGO staff and boards.

The Centre/HKCSS study concluded that a centralized NGO database is feasible and the resources required for its implementation, although substantial, are manageable.

Technical support — appropriate software and a standardized data collection format, and political support — a policy decision that shows that the benefits of increased public disclosure justify modifications in Hong Kong's traditional bias toward protecting the confidentiality of private interests, as well as the political will to implement that policy determination are all needed for successful implementation of the database.

Presumably, achieving that political will might be facilitated by recognition that all the stakeholders would achieve what they seek through the greater transparency, innovation and social entrepreneurship proposed in the following papers: for government, increased private giving; for private donors, improved recipient performance and effectiveness; and for NGOs, a steadier and more diversified funding base.

End Notes

- 1 For an overview of venture philanthropy in the U.S., see the reports published by Venture Philanthropy Partners. The most recent report, published in 2004 is entitled, *High Engagement Philanthropy: A Bridge to a More Effective Social Sector*, available at: www.vppartners.org/learning/reports/report2004.
- 2 In 2002, the most recent year for which data are presented, only 42 venture philanthropists were identified and profiled by Venture Philanthropy Partners, accounting for less than \$50 million in expenditures, or less than 0.2% of

- total private foundation grants in that year. As the report noted, "a few years ago, the concepts of venture philanthropy and high-engagement grantmaking were over-inflated with airy promises to transform philanthropy as we know it. Today, we can see that their progress toward that promise is real but not yet revolutionary." *Venture Philanthropy 2002: Advancing Nonprofit Performance Through High-Engagement Grantmaking*, p 10, available at www.venturephilanthropypartners.com.
- 3 The Conference Board, *Corporate Contributions in 2002* (December 2003). These statistics are notoriously incomplete, however, for at least three reasons: only formally organized corporate foundations are required to report charitable donations; corporate cash contributions for social investments increasingly come from operating budgets rather than philanthropy budgets; and cash contributions are merely one aspect of corporate engagement.
 - 4 Brian Grow, Steve Hamm, Louise Lee, "The debate over doing good," *BusinessWeek*, August 15, 2005; Davis Bushnell, "Workers drive corporate charity programs," *Boston Globe*, August 7, 2005; For recent evidence from the U.S., see Golin Harris, "Doing well by doing good 2005," report of a national survey, released June 2005, available at www.golinharris.com; also World Economic Forum (in cooperation with the Prince of Wales International Business Leaders Forum and the Kennedy School, Harvard University), *Partnering for Success: Business Perspectives on Multistakeholder Partnerships*, January 2005, available at www.iblf.org.
 - 5 Payments under the Comprehensive Social Security Assistance Scheme, Disability Allowances, and Old Age Allowances rose from 7.2% to 8.9% of total public expenditures between 2000 and 2004.
 - 6 Lester M. Salamon, "The Rise of the Nonprofit Sector," *Foreign Affairs*, Vol 74 No 3 (July/August 1994).
 - 7 Lester M. Salamon, S. Wojciech Sokolowski, Regina List, *Global Civil Society: An Overview*, Johns Hopkins University, 2003, pp. 27-33.
 - 8 *Giving USA 2004*, available at www.aafr.org.
 - 9 Mark Lyons, "Giving in Hong Kong: A review of existing data," report commissioned by The Asia Foundation, August 2005.
 - 10 Centre for Civil Society and Governance, *Report of the Task Force on NGO Statistics and Social Auditing*, May 30, 2005, available from The Asia Foundation, Hong Kong.

II. The Business Case for Corporate Community Engagement

A corporate philanthropy or corporate community engagement program is your company's commitment to contribute to causes that are important to your business, employees, shareholders, and community. Corporate philanthropy and community engagement programs can benefit your company and the community in many different ways:

With members of the local community

- Make a real difference in the quality of life for your community
- Assist in alleviating community social needs and problems
- Perform the role as a good neighbor and corporate citizenship
- Enhance the competence and performance of local civil society organizations, nonprofits, and non-governmental organizations (NGOs)
- Bring the community and your employees together for better understanding
- Enhance relationships with opinion leaders, the community, and civic leaders

With your management team and employees

- Increase pride and responsibility within the company
- Build employees' morale and engagement
- Attract new employees who share your values
- Build employees' sense of belonging, team spirit, and loyalty
- Retain valuable employees
- Create opportunities for staff training

and skill building, e.g., communication skills, leadership, and time-management

- Increase understanding of co-workers and appreciation of diversity
- Enhance the sense of community and social obligation of employees

With the business community

- Enhance corporate reputation and market positioning
- Support a company's strategic business goals
- Enhance brand image, and investor and customer loyalty
- Create a source of pride for investors and shareholders
- Strengthen relationships with customers, clients, and vendors
- Provide access to potential customers and markets
- Strengthen relationships with key stakeholders and the government
- Enhance capacity to anticipate and manage risk and conflict
- Develop a more stable and healthy community for long-term business

III. Ways to Engage

Individuals and companies, no matter what size or stage of development, have valuable assets and various ways of contributing to the community. Instead of money donations or tangible gifts, companies and individuals may contribute intangible assets like expertise, networks of donors or corporations, opportunities for social gatherings, and the commitment of you and your staff to care and share. Donors and companies can contribute:

Volunteerism

- Staff volunteers, trainers, or mentors
- Fundraising activities for NGO partners
- By serving as directors or advisors of your NGO partners

Professional Services or Consulting

- Accounting, auditing, legal consultancy, or other services
- Information technology development or support, i.e., website production & maintenance
- Logistics or transportation
- Catering services

Empowering NGO Staff

- Secondment opportunities
- By involving NGO staff in your company staff training

Building Networks

- By involving NGO partners in business activities and celebrations

- By introducing NGO partners and their recent activities in company newsletters or monthly inserts to customers, or posting information on products on company websites

Sharing Facilities or Equipment

- Office space or meeting rooms
- Staff training facilities
- Warehouses
- Shopping mall or other venue for NGO activities
- Equipment, tools, or vehicles

In-kind Donations

- Products
- Free services
- Free regular maintenance or check-ups
- Equipment or tools
- Vehicles
- Advertisement spaces or opportunities

Engagement Activities

- By inviting NGO service users to join company activities, such as sports or hiking events, an office Fun Day, or annual celebrations

Financial Support

- Donations
- Grants or Sponsorships
- Loans
- Matched giving programs among staff or customers

IV. Getting Started and Making it Work: Best Practices Guidelines

A corporate community engagement program is your commitment that you will contribute to causes that are important to you, your business, and your community. It can be as structured or as informal as you like, depending on the size of your business, available resources, the level of contributions, and the number of people participating in the decisionmaking and implementation of the program. There is no single format or strategy that will fit all companies; however, the more clearly defined the goals and the program, the greater its chance of impact and success. With a well-defined strategy, policies on corporate community engagement, and a clear structure of decision-making, you can:

- reduce time and effort spent deciding which organizations to support;
- respond more easily to solicitations;
- limit the number of unwanted requests you receive;
- motivate employees and senior staff to participate;
- be assured that your contributions are used for causes and in the ways that you care about; and
- make these contributions more meaningful and effective.

Family and individual donors can follow similar steps in designing a community engagement program. There are some basic steps and questions that companies and individuals should consider when developing a community engagement strategy and program:

For sections A-C below, see Worksheet A: Check List for Developing Corporate Community Engagement Program

A. Clarify Your Goals

Why do you want to have a community engagement program?

What do you hope to accomplish with your giving and your engagement program?

Which issues, problems, or type of projects are you most interested in?

What are your community's needs and values?

- People in crisis: unemployed workers, homeless, victims of natural disaster, or victims of domestic abuse
- Children and youth programs
- Education for children or adults
- Elderly issues
- Family issues
- Health promotion
- Environmental preservation and enhancement
- Promoting arts, culture, and other enriching institutions that contribute to a community's quality of life
- Civic/community development
- Labor
- Disabled
- Women
- Animal Welfare

Most corporations begin with an audit or evaluation of their values along with identification of community needs. It will also be helpful to bring leadership and employee representatives (e.g. by implementing a survey to solicit ideas from employees) together to identify and artic-

ulate the company's ethos or statement, and how it integrates with business goals and values.

A company's community engagement focus can be captured in a mission statement that concisely describes the goals and supporting areas of its program. The mission statement can be posted on the company website, listed in its giving guidelines, and included in its annual reports.

B. Identify Your Resources

How much do you want to give?

Besides money, are there any other resources that you and your staff can contribute?

Would you like to increase your giving?

Can you afford to give more?

Establishing a budget gives you a framework in which to make giving decisions and to sponsor or support programs. With the budget, you can also keep track of your contributions throughout the year.

How much you should allocate to community engagement programs is a subjective question that depends on your business, personal goals, and comfort level. Many companies determine the budget based on a pre-established formula calculated as a percentage of pre-tax net profits or based on past experience, taking into account issues such as:

- current revenue and profit projections;
- availability of other resources (e.g. in-kind, staff volunteering, or professional advice);
- ways to increase the amount of contributions (e.g. matched giving programs) among staff, customers, or organizing fundraising events for NGOs;
- spending patterns of other companies in the area; and

- scale of contribution: do you want to consolidate your contribution by giving larger amounts to one or two organizations or contribute smaller donations to a broader range of projects and programs?

C. Set up a System and Policies

How will you accept solicitations or initiate a community engagement program?

How will you make decisions?

How often?

Who will be responsible for collecting requests and facilitating the consideration process?

Who will you accept requests from?

What types of organizations will you not fund?

Many businesses find it helpful to establish a system for considering community engagement programs. An effective system:

- has a specific person or an advisory/governing body (e.g. advisory committee composed of senior executives of varied departments and employee representatives) to decide or advise top management on initiating engagement programs or selecting solicitations from NGOs. This person or advisory/governing body will also oversee the giving or the implementation of programs.
- gets broad representation and experience from within the company. Members who oversee community engagement or participate in the advisory/governing body should not be limited to corporate communications or public relations personnel. There are community engagement initiatives that may need the skills and expertise from varied depart-

ments, such as information technology, logistics, accounting, etc. This participation spreads the ownership of the program among the staff and encourages internal communication and commitment.

- **has specific written internal guidelines for documentation, decisionmaking, and response.** Many companies have written policies on corporate giving or its community engagement program posted on a company website or annual report. Formalized policies can help keep your corporate giving or engagement program focused and aligned with your corporate mission and values. Giving and community engagement policies should also be distributed to both internal and external stakeholders to eliminate confusion and unwanted solicitations. The published policies can also help attract meaningful solicitations from external organizations. *(See Worksheet B: Sample Giving Policy Statement)*
- **communicates your giving and community engagement policies with your internal stakeholders.** It is important to ensure that company staff, department heads, and top management strictly follow the review and approval policies, in order to ensure that allocated and available resources are effectively used in the ways and for causes to which the company and the staff are committed.
- **designates an individual or team of staff to handle all the administration and liaison duties related to corporate giving or engagement.** External stakeholders should know who the contact person is in order to avoid confusion and ignorance.
- **trains staff and equips them with the knowledge and skills necessary for**

determining or initiating corporate giving or engagement programs, such as knowledge about grant-making, due diligence, or identifying suitable nonprofit or external organizations for partnership programs. Training assistance and advice can be obtained from local organizations like The Asia Foundation or The Hong Kong Council of Social Services, and from their publications.

D. Set up Criteria for Evaluating Requests

See Worksheet C, Due Diligence—A Check List for Evaluating Your Potential Partners

How does this organization fit within your other goals?

Can the organization effectively accomplish its goals or plan?

How will the money or resources requested be used?

What tools will the organization use to measure success of the program?

To decide on a donation request or to identify a suitable and effective nonprofit or external partner for a community engagement program, a donor, a company's advisory committee, or designated staff should examine how the organization is governed, how it spends its money, who and how many beneficiaries it represents, and its willingness to disclose information to donors and to the public. Donors and companies should consider the following:

Background and Mission of the Organization:

What is the mission of the nonprofit organization, and what services does it provide to the community?

What is this organization's reputation?

Has it ever been involved in any scandal?

Is the mission of the organization aligned with the value and corporate community engagement mission/strategies of your company?

How many people does this organization serve, and who are they?

Will the services or deliverables created by this requested program help alleviate certain community needs or problems?

Organizational Governance:

A nonprofit organization's Board of Directors has the ultimate oversight authority over organizations. To ensure that the organization is active, independent, and effective, donors and companies should consider the following questions:

Who are the members of the organization's board of directors? Do they add value to the program proposed to you?

Does the organization's board of directors provide adequate oversight of the organization's operations: evidence of disbursement controls, such as board approval of the budget and fundraising practices; establishment of a conflict of interest policy; and accounting procedures sufficient to safeguard the organization's finances?

Operational and Financial Capacities:

Take into consideration the quality of an organization's proposal, its ability to implement, and its involvement with the local community. The organization should be able to provide:

- a clear appeal proposal with written goals, program activities, measurable indicators, a detailed budget, and evaluation and report methods. All requirements and commitments are upon negotiation and agreement between the donor, the company, and the organization.

- sound and prudent control and management of program activities and contributions from donors with accurate track records, accounting information, and written contracts and agreements.
- along with the appeal proposal, a breakdown of expenditures that shows what portion of the expenditures is allocated to programs, fundraising, and administration. It is very important that the administration and fundraising expenditures are considered to be "reasonable" by the donor. Expenditures should be commensurate with the size and scale of activities of the organization. Big or well-developed nonprofit organizations in Hong Kong can usually lower their administration and fundraising costs to 10%-20% of their total income. However, for some small nonprofits or those in early stages of development, it can be extremely difficult to minimize administration and fundraising costs due to a lack of economy efficiency. However, donors and companies should still consider supporting organizations with strong causes or evidence that they have tried their best to minimize overhead, and have the ability to implement programs and exhibit community involvement effectively. Remember that nonprofit organizations need money for rent, communications, office equipment, occasional travel, and salaries. Without adequate operational resources, they can neither professionalize their services nor be held accountable to professional standards or work.
- To learn more about the needs of the end-users/beneficiaries and the operation of services or program, you should visit to the organization that seeks your support.

- If a third party or other organization is to be involved in the program, clear background and reference information about these parties and organizations should be provided for reference.
- The company and the organization should discuss and agree on the arrangement for release of funds, reporting requirements, and acknowledgement methods. When and how much of the grant will be released in different stages of the program? Will a progress report be needed in the interim period? Will the acknowledgement methods match your company's image or marketing strategy?

Worksheet D shows the Guidelines for Writing Proposals for Grants or Sponsorship. Based on the worksheet, donors and companies can acquire information and program details from organizations seeking their support. Community organizations can also prepare more effective fundraising proposals based on these references.

Public Accountability and Information:

Does the organization prepare and publish information and results of its activities regularly, and make this information freely available to the public?

Has the organization provided suitable channels for end-users, donors, other stakeholders, or the public to provide feedback or submit complaints about programs or services? How responsive is the organization to these views and actions?

Does the organization provide an annual report on finance and activities, including all details necessary for decisionmaking on donations in conformity with generally accepted accounting standards?

Can the organization provide program information or supporting documents on request?

Will the organization commit to provide you with interim or final evaluation reports?

E. Review your Community Engagement Program Periodically

To ensure continued effective and rewarding giving or community engagement programs, it is a good idea to set aside time periodically to review your company's contributions and programs made during the year.

How well did it achieve your goals?

How much satisfaction did you and your employees receive from your contributions?

Have the organizations that you are supporting implemented the program and communicated with you effectively?

Are you able to track how your company's giving was spent after you made a contribution?

How have the company's employees responded?

Did you receive adequate acknowledgment?

Are you ready to expand your support?

Are there any organizations that you or your employees would like to support again?

Can you identify any new issue areas, programs, or organizations to which you would like to support?

Donors can always add value beyond cash to an engagement program. When donors or companies have built up cooperative relationships with an organization or when donors have gained more knowledge and experience on the issues and problems, they can always

become more involved and contribute in other effective and creative ways:

(See Section III: Ways to Engage)

- Provide feedback on how to improve programs you supported.
- Help to bring strategic vision or opinions to your grantees, or help them to network or communicate with your employees, shareholders, or business partners or the business community.
- A donor can be a great fundraiser. If you think an organization is worthy of support, help bring in other funding through your own network. This can save an organization time and resources from fundraising, allowing it to focus on other important tasks.
- Serve as a volunteer, consultant, or director of an organization if requested.
- Help raise awareness of the issues, programs, and organizations you are supporting by sharing your experience

with other people. Post information on your company websites, newsletters, and other publications.

Find out the best ways you can contribute to the community through constant communication and exchanges with your grantees, organizations in the field, and other donors. Learn about the program areas and issues by attending meetings or activities focused on the causes, or visit the NGOs that interest you, and learn about the issues from their publications.

All partnership programs are based on mutual trust, understanding, and agreement. Even though an NGO may not be able to fulfill all the requirements listed above, or if you and your company do not have the substantial resources and manpower to set up a clear structure for community engagement, you can always follow these steps to learn more about community needs. Keep your mind open and discuss your will and concerns with internal stakeholders and potential NGO partners, and find out the best ways you can contribute to the community needs.

Worksheet A: Check List for Developing a Corporate Community Engagement Program

The items listed below identify some of the issues to consider; it is not an exhaustive list. They should be used according to your own needs and requirements.

Set Your Goals

1. Why do you want to have a community engagement program?

multi-purpose services, services for the homeless and unemployed, hospice care, poverty alleviation)

- ☐ Rights-based advocacy (human rights, homosexual rights, sex worker rights)
- ☐ Think tank and policy research (policy research institute)
- ☐ Women's issues
- ☐ Other causes, specify _____

(Refer to the Directory of Non-governmental Organizations & Foundations for a list of issues and organizations)

2. What issues, problems, or types of projects are you and your employees/customers most interested in?

- ☐ Promotion of arts and culture (e.g. promotional and educational activities or performances)
- ☐ Children and youth development programs
- ☐ Disabled issues
- ☐ Education & training (special education, competence development, or vocational training)
- ☐ Elderly issues
- ☐ Environmental preservation and animal welfare
- ☐ Family issues
- ☐ Health, rehabilitation and crisis prevention (e.g. health education, domestic abuse, self-help groups, and medical research)
- ☐ International relief and development
- ☐ Labor issues
- ☐ Other welfare (general charity activities,

3. What is your Corporate Community Engagement Mission Statement?

II. Identify Your Resources

4. What kinds of resources would your company like to contribute? (Your program can be a combination of different contributions)

Type of contribution	How much or in what ways?
Grant or Cash Donation	
Sponsorship	
Matched staff/customer fundraising	
Gifts of products, equipment or tools	
Shared use of facilities or vehicles	
Use of professional service/expertise	
Staff volunteerism	
Others	

5. How much did you give last year and would you like to increase your budget?

6. What are your current revenue and profit projections?

7. How much is the entire budget?

8. The contributions should be used to:

- ☐ Create something tangible and lasting (e.g. building facilities or setting up a center)
- ☐ Support ongoing work of an organization
- ☐ Help start a new project or organization
- ☐ All the above:
 - ☐ _____ % for lasting projects
 - ☐ _____ % for ongoing operations
 - ☐ _____ % for start-ups

9. Do you want to consolidate your contribution by giving to a single or few organizations/programs, or to a broader range of programs?

- ☐ Larger amounts to one or few organizations
- ☐ Smaller donations to a broader range of organizations or programs

10. Do you want to:

- ☐ Identify certain organizations that will receive annual contributions
- ☐ Respond to requests from the community
- ☐ Make _____% of overall contributions to an annual support list and make _____% of the contributions in response to community requests

III. Set up a System and Policies

11. Who will make decisions about contributions?

- ☐ Owner(s)
- ☐ Board of Directors
- ☐ Public Relations Director or designated staff (Name: _____)
- ☐ Governing committee that includes:
 - ☐ Owners(s)
 - ☐ One or more department heads
 - ☐ One or more employee representatives
 - ☐ Staff responsible for marketing, advertising, or public relations
 - ☐ Others

12. How often and when will your company receive requests and make decisions about contributions?

- ☐ Once a year, specify date _____
- ☐ Twice a year, specify date _____
- ☐ Quarterly, specify date _____
- ☐ Throughout the year as needed

13. Who will be responsible for collecting requests and managing them through the consideration process?

- ☐ All requests should be directed to the owner(s)
- ☐ All requests should be directed to the Public Relations Director or to a specific department
- ☐ All requests should be directed to the Chair or the Secretariat of the governing committee
- ☐ All requests should be directed to a designated staff _____

14. How will your company accept requests?

- ☐ In writing
- ☐ In person
- ☐ Over the phone
- ☐ All of the above

15. Are there any types of organization you will not fund?

16. Will there be any written criteria describing the kind of organizations or programs your company supports? Who will draft the criteria?

17. Where will you publish the mission statement or criteria of application of support?

- ☐ Company website
- ☐ Annual Report
- ☐ Company publication (e.g., newsletters, brochures, or reports)
- ☐ Posted on website or publication of NGO supporting organization

18. Who will be responsible for evaluating the outcomes, efficiency, and awareness of each grantee or programs supported by your company?

- ☐ Designated staff _____
- ☐ Public Relations Department
- ☐ Member(s) of the governing committee
- ☐ Others

19. When will the evaluation be reported to owner, board of directors, or the governing committee?

- ☐ Within _____ after the completion of each project supported by your contribution
- ☐ Once every half year
- ☐ Quarterly

20. How will your company report its contributions and program outcomes to internal and external stakeholders, such as employees, shareholders, investors, suppliers, and business counterparts?

- ☐ Company website
- ☐ Distributing press releases
- ☐ Annual report
- ☐ Company publications
- ☐ Company activities
- ☐ Joint press release with the organization
- ☐ Joint event with the organization

21. How often will your company community engagement program and policies be reviewed?

- ☐ Annually
- ☐ Once every two years
- ☐ Other

Worksheet B: Sample Giving Policy Statement

The policies below are illustrative only. Companies and foundations should change, add, or drop any policies according to their own requirements.

The XXX Foundation works to promote the well-being of the communities where XXX's clients and staff work and live. We contribute to the local community through our voluntary services, in-kind donations, and financial support.

The Foundation supports programs or charitable activities focus on:

- Artistic and cultural events and organizations
- Programs that care for elderly/youth/women/disabled
- Community development and enrichment programs
- Environment protection programs
- (Or other, please specify)

The Foundation gives priority to:

- Programs of registered charities in Hong Kong
- Specific programs rather than general operation of an organization
- (Or other, please specify)

The Foundation will not support:

- Programs or organizations outside Hong Kong
- Programs that already received government funding
- Funding request exceeds HK\$1 million
- (Or other, please specify)

The Foundation evaluates applications based on the following considerations:

- The reputation and track record of the applicant organization
- The needs identified, the goals of the program, and the benefits to be created
- The program design, and the management and budget proposed
- (Or other, please specify)

How to Apply

All applications must be submitted with a specific program proposal, budget, recent event or program information, the latest annual report and financial report of the organization, and other supporting documents. Application can be in English or Chinese, but no application via email will be accepted. The XXX Foundation decides on grant applications quarterly. Application should be sent to the following address before the 15th of March, June, September, and December of each year:

Contact Person

The XXX Foundation/Company

Address

Please contact _____ at _____ for further questions or information.

Worksheet C: Due Diligence — A Check List for Evaluating Your Potential Partner

Below are sample questions to consider when evaluating potential partners for your community engagement programs. Check all that apply. You may drop or add more criteria that are important to you or your company.

I. Goal and Background Of This Organization

_____ Does the mission of this organization fit with your values and align with the mission or policies of your company?

_____ Do the needs or problems identified by this organization fall within the areas that your company will support?

_____ Do you think the organization provides a distinctive and/or impressive service or program to the community?

_____ Is this a legally registered organization?

_____ Can your company receive a tax deduction from its support to this organization?

_____ If your company has supported this organization before, are you satisfied with its last performance and their reporting to you?

_____ Did they attach the following documents for your review?

- ☐ Program Proposal
- ☐ Program Budget
- ☐ Most Recent Organizational Annual Report

- ☐ Organizational Operating Budget for the last fiscal year
- ☐ Most Recent Audited Report
- ☐ Copies of the relevant certificate of registration of charitable status, incorporation of the organization, and/or other approvals from relevant authorities
- ☐ Program publications and/or materials
- ☐ Others as requested

_____ Do the deliverables of this request align with your ongoing or recent business strategies that may add value to your company and this organization?

_____ For new organizations, do they have qualifications or are there any factors that may lead to successful projects?

_____ Do any board members of this organization provide added value to the program proposal? (e.g. area expertise, known commitment and network in the field)

_____ Has it been involved in any scandal or activities that may negatively affect your company?

_____ Are you confident that this organization will not improperly benefit any individual in the conduct of the organization's charitable activities?

II. Evaluation Of The Request

_____ Do you agree with the goals of the program?

_____ Do you agree that the activities and products suggested can help alleviate the needs and problems identified?

_____ Are the activities and products to be produced with this proposal clearly defined and are you impressed with any of them?

_____ Do you consider the budget proposed reasonable and realistic? (If no, can you negotiate with the organization?)

_____ Are the outcome indicators clearly defined?

_____ Do you agree with the measurement of success?

_____ Do you agree with the timeline of the activities? Can these activities bring leverage in your coming company activities or vice versa? (If no, can you negotiate with the organization on the timeline?)

_____ Do you agree with the reporting schedule?

_____ Do you agree with the acknowledgement plan? (Can you negotiate with the organization on your desired method of acknowledgement?)

_____ Are you confident that the organization and the program can successfully gain recognition from the community?

_____ Taking into account the track record, the proposal, and the discussions between you and the organization, do you agree that they can effectively implement the program proposed and accomplish the agreed goals?

_____ Is the sustainability of this program after your contribution an important factor to your company?

☐ If yes, will you consider continued support to the program if it is proved successful and you are requested?

☐ If no, does the organization show the ability to secure the sustainability of this program in the long term?

III. Final Decision

Based on your overall assessment and answers, do you approve this proposal?

☐ Approve

☐ Disapprove

Signature of responsible person

Date

Worksheet D: Guidelines for Writing Proposals for Grant/Sponsorship from Foundations and Corporations

Following are the guidelines for writing proposals for grant or sponsorship from foundations and corporations. Donors or companies can also require that their proposals follow the guidelines and information based on this worksheet. These are not firm rules, but rather suggestions for content and formatting. Some foundations and corporations have their own grant guidelines. For these cases, follow them as closely as possible. If the program scale or the amount of grant requested is small, a briefer proposal within four pages with attachments of financial and supplementary information will suffice. The below number of pages for the full proposal is only suggested.

Cover Letter (1 page)

- With signature and contact information of Person-in-charge of the program and/or Officer-in-charge of the organization

Executive Summary (1 page)

- Program title
- Problems or needs to be addressed
- Solution, program, or services to be provided
- Possible ways that the Foundation or company will benefit
- Funding or support requirements
- If timing is a factor or if a “window of opportunity” exists that affects the success of the program, please indicate
- Organization history and mission

Statement of Need (1/2 to 1 page)

- Need or problem to be addressed
- Use statistics and cases to demonstrate if necessary

- The reasons for your organization to develop this program/service and how does this program/service fit into the work and strengths of your organization?
- How will the request enable your organization to better improve the services and achieve the organizational mission

Goals and Objectives (1/2 to 1 page)

- Benefits of program in measurable terms
- Output and outcome indicators
- For an ongoing program, provide measurable outcomes have been achieved over the past years for comparison

Program Description (1 to 3 pages)

- How the need will be solved through program implementation
- What specific measures or activities are to be implemented to achieve the objectives
- Activity and deliverable workplan with timeline and locations
- Target groups and anticipated number of participants/beneficiaries/end-users
- Roles of the applicant organization and other co-organizers, if any
- Publicity coverage and the acknowledgement of the sponsorship

Evaluation Plan (1/2 page)

- How success will be defined and evaluated
- Assessment methods and measures employed (e.g. performance monitoring plan, survey)

- The timeline in accordance with which progress report or final evaluation report will be submitted

Program Continuation Plan (1/2 page)

- What will happen after the grant period?
- Explain the life cycle of the program and provide details on next steps
- What resources (financial, personnel or partnership, etc.) will be needed to sustain this effort over time? How will those resources be secured?

Budget (1 to 2 pages) (See Worksheet E: Program Budget)

- Income and expenses (itemized breakdown of income and expenditure, including the requested grant/sponsorship sought with this proposal, the amount of income to be borne by agency and other sources of income)
- Please provide names and addresses for the subcontracting organizations, companies, suppliers, or consultants that will be engaged in this program if this grant funding materializes. Provide cost quotations to support.

Organization Capacity Statement (1/2 to 1 page)

- History
- Is the organization a registered charitable organization under the Hong Kong Inland Revenue Ordinance Section 88?
- Qualifications
- Expertise
- Major service nature and recent organizational accomplishments
- Population and areas served, and details of target participants, beneficiaries, or service end-users

Attachments

- Board member list or organization chart
- Most recent annual report and/or other program materials
- Organizational operating budget for the last fiscal year and year-to-date financial report (*See Worksheet F: Partner Financial Statement*)
- Most recent audited report
- Applicant declaration signed by organization head and/or chairperson of the organization board (*See Worksheet G: Sample Applicant Declaration*)
- Short biographies (no more than five page each) and qualifications of key personnel or consultants if necessary
- Copies of the relevant certificate of registration of charitable institutions or trusts of the public character, which have been granted tax exemption under Section 88 of the Inland Revenue Ordinance. Or copies of articles of incorporation, charter or certification from government departments
- If the proposed program is for meeting statutory requirements, please attach documents showing approval-in-principle or copies of letters of requirement or letters of no objection from relevant authorities (e.g. Social Welfare Department's Child Care Centers Advisory Inspectorate and Licensing Office of Residential Care Home for the Elderly, Housing Department, etc.)
- Program and organizational publications, if any
- Additional requested attachments

Worksheet E: Program Budget

(For Budget Relevant to this Grant Proposal)

The list of income and expenditure items below is not exhaustive and NGOs may add more items or skip items where they have no income or expenditures.

Income Categories: list specific amounts requested with this proposal and from other sources of grants, income, or donations.

Grant:

Total Amount of Grant Requested in this proposal: _____

Grant from other sources:

- Grant and Allowance from the Social Welfare Department/Government
- Rent and Rate Subsidies
- Lump Sum Grant
- Others (specify)
- Lotteries Fund
- The Hong Kong Jockey Club Charities Trust
- Foundations
- Corporations
- In-kind support (donated goods, services, equipment, non-cash items) if applicable
- Other grant (specify)

Donation from the Public (if applicable)

Earned Income:

- Fee Income
- Events
- Publications and Products
- Interest
- Other income (specify)

Other Income (specify) _____

Total Income: _____

Expenditure Categories:

- Labor Costs (total salary budget by workdays on project, number of positions, and whether full- or part-time)
- Fringe Benefits, Mandatory Provident Fund, and Employee Insurance
- Consultants and Professional Fee (indicate type(s) of consultant(s) and fees)
- Transportation and Travel
- Training
- Volunteers
- Equipment
- Supplies
- Communication Cost (Including telephone, fax, postage, and delivery)
- Printing and Copying
- Publicity Materials Production and Distribution
- Rent and Rates
- Utilities
- Repair and Maintenance
- Technology Application
- Program Evaluation Cost
- Other (specify) _____

Total Expenditures: _____

Worksheet F: Partner Financial Statement

Organizational Budget for Previous Year and Year-to-date Statement of Income & Expenditures

The list below of income and expenditure items is not exhaustive; NGOs may add more items or skip items where they have no income or expenditures.

Income Categories:

Grant:

- Grant or Allowance from the Social Welfare Department/Government
 - Lump Sum Grant
 - Rent and Rate Subsidies
 - Others (specify)
- Lotteries Fund
- The Hong Kong Jockey Club Charities Trust
- Foundations
- Corporations
- In-kind support (donated goods, services, equipment, non-cash items) if applicable
- Other Grant (specify)

Expense Categories:

- Staff Cost
 - Salaries (Total salary budget, number of positions, and whether full- or part-time)
 - Mandatory Provident Fund Contributions
 - Employee Insurance
 - Allowances/Fringe Benefits
 - Staff Training Cost
- Program and Service Cost
- Volunteer Cost
- Fundraising Cost
- Equipment, supplies, communications, copying, repair and maintenance
- Rent and Rates/Utilities
- Transportation and Travel
- Other Expenses (specify)

Total Expenditures: _____

Donations from the Public (if applicable)

Surplus/Deficit for the Year: _____

Earned Income

- Fee Income
- Events
- Rent and Rates
- Publications and Products
- Interest
- Other income (specify)

Other Income (specify) _____

Total Income: _____

Worksheet G: Sample Applicant Declaration

The sample below is illustrative only; companies and foundations should change, add, or drop any of the items according to their own requirements.

I have read and understand the information relating to this application from XXX Foundation/Company, including all the supporting documents enclosed. On behalf of the organization, I confirm that all information given in this proposal and the attached documents is true and accurate of my own knowledge. I also confirm that no improper private benefit will be distributed to any paid staff or Executive Board Members or to their family members.

I will follow the guidelines of the Foundation/Company once the proposal is granted:

- Any further revision to the content of this proposal must be submitted and prior approved by the XXX Foundation/Company. Otherwise, the XXX Foundation/Company can reserve the right not to award the grant and to request the applicant organization to refund the grant.
- An evaluation report and a detailed statement of accounts must be submitted to the Foundation/Company within one month of the program's completion.
- Publications or publicity materials produced relating to this program must be submitted to the Foundation/Company. And the Foundation/Company has the right to publish the results, findings, or other information relating to this program.
- The support from the Foundation/Company must be acknowledged in all related publicity.

I hereby apply for a grant of HK\$ _____ from the Foundation/Company to undertake a program entitled: _____

Name of Declarant: _____ Title: _____

Organization: _____

Contact Address: _____

Telephone Number: _____ Fax Number: _____

Email Address: _____

Signature: _____ Date: _____

Applicant Organization Stamp:

Information provided in this proposal will only be used for processing the application for grant from XXX Foundation/Company. The proposal and supporting documents will not be returned.

V. Measuring Success: Guidelines For Setting Up Measurements

Today, donors and corporations want to measure values and accomplishments not based on resources provided to the program, but by actual outcomes achieved, and by the positive difference made to people and to the community. Corporations view grants, sponsorship, in-kind contributions, and support for community engagement programs as strategic investments intended to achieve measurable returns and outcomes. Donors, volunteers, and participants want to know if the money, time, and hard work they committed really made a difference in people's lives and benefited the community. Most importantly, measuring outcomes and impact can provide the basis to improve programs and services, to motivate donors, NGO staff and volunteers, and create more effective and rewarding programs that can better fit the changing needs of the community.

There are some desirable outcomes that donors, NGOs, and all stakeholders would like to see:

Outcomes for the Community:

- Improved conditions of service recipients or beneficiaries of the program
- Knowledge or skills gained among service users or participants
- Enhanced public awareness about the issues or problems identified
- Enhanced competencies of various organizations in handling the social problems
- Improved law or government policies related to the issues
- Alleviation of social needs and problems identified

Outcomes for the NGO:

- Skills and knowledge learned from the partnerships with corporate or external stakeholders
- Increased number of service users, beneficiaries, or members
- Increased financial support received
- Increased number of volunteers
- Increased public awareness toward the organization's services and mission
- Changes in external environment (e.g. on law and regulation related to the work of the NGO)
- Improved relations with external stakeholders and the government

Outcomes for the Company:

- Active participation by employees in the program and improved team spirit
- Skills or competencies gained among employees
- Improvement of employee recruitment or retention results
- Recognition from internal stakeholders (shareholders, management executives, and employees) of the company's effort in the program
- Recognition from external stakeholders (investors, consumers, business partners, the welfare sector, beneficiaries, media, and the public) of the company's effort in the program
- Improvement of corporate reputation

On the other hand, outcomes of a program sometimes may be affected by external and uncontrollable factors like law or regulation, sudden change of social or economic environ-

ments, etc. Therefore, it is not appropriate to conclude that an organization is fully responsible for the outcomes reported, whether the outcomes are good or bad. Donors and corporations should take into account these possible external factors that might affect the effectiveness and efficiency of the program when making their decision, and evaluating the program.

It is also important to note the difference between outcome indicators and the outcomes themselves. **Outcome Indicators** are the specific items of information that track a program's success on outcomes. They describe observable, measurable characteristics or changes that represent achievement of an outcome. For example, an outcome indicator can be:

- Number of beneficiaries or participants being served
- Number of activities or products (e.g. booklets, workshops, training courses) produced
- Number of positive feedback from questionnaires received after the event
- Number of follow-up cases received

While outcome indicators are usually measurable information, outcomes of a program are sometimes intangible and hard to measure.

Outcomes are benefits for participants during or after their involvement with a program. Outcomes may relate to knowledge, skills, attitudes, values, behavior, conditions, or status. Outcomes may take years to be realized and in some cases, there can be different levels of outcomes, in which one will lead to the other

longer-term outcome. If the outcomes cannot be measured during the program period, donors and grantmakers should work with the grantee organization and identify benchmarks and milestones in the short term.

Examples of program outcome can be:

- Greater public awareness or knowledge about an issue or problem
- Improved skills, competencies, or attitude of a population toward an issue
- Improved relations among a group of people or their improved response to risk
- Improved financial or job stability among a population
- Decreased cases of a certain illness, disease, physical harm, or injuries of a population

Model A shows a basic approach that a company and NGO can employ to evaluate the community engagement program and measure the outcomes. It is important to note that outcomes are unique to each organization and program, and donors and NGO partners should together discuss and mutually agree on their specific and achievable program objectives and desirable outcomes. They should come up with their own measurable and realistic outcome indicators and appropriate measurement before they enter into a partnership or agreement. If these components are discussed and set in place before the grant is approved, the job of monitoring and evaluation will be much easier.

When deciding the outcome indicators and desirable outcomes, a donor or company

Outcome Indicators are the specific items of information that track a program's success on outcomes. They describe observable, measurable characteristics or changes that represent achievement of an outcome.

Outcomes are benefits for participants during or after their involvement with a program. Outcomes may relate to knowledge, skills, attitudes, values, behavior, conditions, or status.

grantmaker should consider taking the time to pay site visits to the NGO or the service user if appropriate, before and during the program, in order to better understand the needs of the targeted population, the operation and difficulties of the NGO, and to model an attitude of openness and willingness to learn throughout your partnership with the grant recipient. This can help both sides to set mutually agreed and realistic objectives and outcome indicators.

See Model A: Example of Measuring Program Outcomes.

Progress and outcome can be gathered from internal records, through feedback forms, focus group sharing, or by conducting surveys, knowledge or attitude tests, etc. Sometimes performance or efficiency can only be shown by comparing the outcomes indicators over time, or occasionally by comparing with other NGOs offering similar programs, if information is available. Data collected for the progress and final reports should be presented in a user-friendly format, with explanatory information, tables, charts, and narratives.

See Model B: Example of Performance Monitoring Plan, which shows how the grantee organization and donor can track and report performance data.

A **Progress Report** is a common method for monitoring grants. Donors and NGO can mutually agree upon how often the NGO should submit the progress report and how detailed the report should be. A progress report typically covers areas like:

- What has been accomplished to date?

- What challenges have you encountered and how have you addressed them?
- Based on the experience to date, what changes are expected to be made in the original plan?
- How have funds been spent so far?

See Worksheet H: Guidelines for Writing Narrative Reports for Grants from Foundations and Corporations.

However, donors should think carefully about the amount of information that they need. Progress reports should not be required if donors most likely will not read them (e.g. if the grant is small, or within a short span of time). In those cases, a brief conversation, emailed report, exchanges, or published annual report may be sufficient.

A **Final Report** is a useful tool to demonstrate the overall results and accomplishments of a grant and program, and provides more detailed summary accounts of grant expenditures, supported by the necessary financial documents.

Sometimes, donors find they are more interested in the soft data than the hard data (i.e. stories about people are more powerful than the numbers). Therefore grantees may try to tell donors some of the stories of the beneficiaries in the final report or report meeting. It is also a good idea for donors to re-visit the grantee organization and meet the beneficiaries to see firsthand how people and communities are benefitting from their support. Donors can also solicit feedback from internal and external stakeholders through formal data gathering or informal communications.

Progress and outcome can be gathered from internal records, through feedback forms, focus group sharing, or by conducting surveys, knowledge or attitude tests, etc.

Worksheet H: Guidelines for Writing Narrative Reports for Grants from Foundations and Corporations

Following are the guidelines for narrative reports to foundations and corporations. These are not firm rules, but rather suggestions for content and formatting. Some foundations and corporations have their own reporting guidelines. For these cases, follow them as closely as possible, just as you would follow their grant guidelines. The below number of pages of the full report is only suggested as reference.

Cover Letter (1 page)

- With signature and contact information of Person-in-charge of the program and/or Officer-in-charge of the organization

Executive Summary (1 page)

- Purpose of report and period of time it covers
- Program title
- Amount of grant received
- Foundation/corporation reference grant number (if applicable)

Original Program Description (1/2 to 1 page)

- Brief review of the original program as set out in the proposal
- Include proposed major goals and activities

Progress/Accomplishments (1 to 3 pages)

- Describe program outcomes, including measurable outcomes if applicable
- Explain any deviation from original proposal program and the cause(s)

- Explain if goals were met
- Evaluate success of program

Challenges (1/2 to 1 page)

- Discuss challenges and how they were handled
- Discuss lessons learned
- Explain reasons for any delays

Next Steps or Outcomes (1/2 to 2 pages)

- For a progress report, describe future planned activities in “Next Steps”
- For a final report, instead add an “Outcomes” section describing how beneficiaries, participants, the grantee NGO, and its partners were affected by the program and lasting results

Income and Expenditure (1/2 to 1 page)

- Discuss any important issues related to the way grant funds were spent or the income generated during the program (if applicable)
- For a progress report, how much of the grant has been spent-to-date? On what?
- If necessary, describe the organization’s administration and program costs
- Explain any budget amounts that vary significantly from the original budget

Financial Report (1 to 2 pages) – not always required for a progress report

- For the final report, attach a financial report showing details of how the grant was spent.

(See Worksheet E: Program Budget and Model C: Sample Financial Report & Certification to Donor)

Appendices

- Include relevant information, such as activity materials, conference agenda, publications, pamphlets, training handbooks, press clippings, statistics or data, studies or papers, service contract or receipts, and others as requested.

Model A: Examples of Measuring Program Outcomes

Inputs Resources Dedicated <i>Examples</i>	Activities Deliverables Created <i>Examples</i>	Outputs Measurable Indicators <i>Examples</i>	Outcomes Benefits Created <i>Examples</i>
Money Equipment & Supplies Facilities Volunteers & Hours Others	Job training workshops for unemployed workers	Number of workshops and workers trained Number or percent of workers successfully employed within 3 months Number or percent of workers on the job for 6 months Level of satisfaction of employers regarding the skills and attitude of trained workers	Short-term Outcomes: Enhanced skills and knowledge of participants Improved employment rate of participants Possible Long-term Outcomes: Longer retention rates for workers and improved employment rate
	Youth development mentoring program	Number of youth and mentor pairings Number or percent of mentees identifying two or more skills or knowledge about career development Percent of mentees who can list their career interests after the program Number or percent of mentees who can identify steps to pursue career goals Number or percent of mentees receiving better scores in attitude test Number or percent of mentees demonstrating more confidence Number or percent of mentors wanting to continue their mentoring Number of new mentors or companies joining the program	Short-term Outcomes: Participants are well-prepared for their first job Possible Long-term Outcomes: Improved youth employment rate and turnover rate of new graduates Improved job satisfaction among the youth Increased recognition from the business sector after more companies and employees join the mentoring program
	Visits and counseling for elderly with chronic illness	Number of home visits paid Number or percent of elderly who receive special counsel sessions Number or percent of elderly actively seeking assistance through referrals or hotline Number or percent of elderly demonstrating or reporting an improved emotional status after 6 months Number or percent of elderly reporting an increased participation in community activities within 6 months	Short-term Outcomes: Improved emotional or physical status of the elderly served Increased participation of the elderly in social or community activities Possible Long-term Outcomes: Improved mental health among elderly with chronic illness Decreased suicide rate among the elderly

Model A: Measuring Program Outcomes

Inputs Resources Dedicated	Activities Deliverables Created	Outputs Measurable Indicators	Outcomes Benefits Created

Model B: Example of Performance Monitoring Plan

The Asia Foundation Labor Rights Program

Performance Indicator	Indicator Definition & Unit of Measurement	Data Source	Method of Data Collection	Data Acquisition Schedule	Analysis User & Reporting Schedule	Responsible Person
Objective 1: Increased Awareness Among Migrant Workers of Workplace Rights & the Means to Protect Those Rights						
1) % of migrant workers who can identify 3 or more core workplace rights	Migrant Workers: Any person with the stated intention to leave their registered residences to work outside it. Core Workplace Rights: Right to a contract; right to earn minimum wage; existence of overtime regulations; leave & benefits; workplace safety; protection from harassment; no child labor; right to be paid according to set schedule.	(A) Migrant workers in areas targeted under this project (B) Migrant workers who joined the training sessions	(A) Survey to be conducted at migrant worker canteen (B) Questionnaire survey at each training session	(A) One survey targeting 100 migrant workers to be conducted from early August through mid-August (B) To be conducted at the end of each training session. Totally 48 training sessions in 6 months; 2 sessions a week Sample size: 960 migrant workers	A) Analysis of survey results to be conducted within two weeks (B) Within one week of each training session	(A) Ms. A (B) Mr. B
2) % of migrant workers who know where to go for assistance	Trained Migrant Worker: those who joined any training session, education event, or other event sponsored under this project Unit: No. of correct responses / No. of all responding workers					
Objective 2: Improved Use of Education & Publicity Materials by Migrant Workers and Workers Who Found the Materials Useful						
1) % of migrant workers who have encountered one or more products developed under the project 2) % of target audience who agree that the materials are useful 3) The degree of usefulness of the materials & products	Materials and Products: Materials & products developed under the project related to labor rights - hotlines, posters, handbooks, pamphlets, or other written or oral delivered materials "Useful" means the migrant worker says the materials gave them information they needed in an easily understandable way Unit: No. of workers who said the materials useful; Points rated by workers on a five-point scale	Surveys in targeted areas under this project	Regular surveys to be conducted at migrant worker canteen and dormitory every 3 months. Total of 3 surveys, sample size is 300.	Survey period: October to end of June of next year (9 months) Total of 3 surveys, one/3 months	Analysis of survey results to be conducted within 3 weeks after each survey	Mr. C

Model B: Performance Monitoring Plan

Performance Indicator	Indicator Definition & Unit of Measurement	Data Source	Method of Data Collection	Data Aquisition Schedule Responsible Person	Analysis User & Reporting Schedule Responsible Person
Objective 1: Define your objective					
Outcome Indicators	Definition of outcomes	Sources of information or data	e.g., survey, focus group, interview		
	Unit				
Objective 2:					

RECIPIENT: _____

PROJECT TITLE: _____

PROJECT NUMBER: _____

REPORTING PERIOD: From: _____ To: _____

Progress: _____ Report Due Date: _____

Final: _____ Report Due Date: _____

This form is designed to provide financial information required to satisfy its auditors that the money from this grant has been utilized for the purposes intended. Please fill it in as completely as possible.

A. DISBURSEMENTS:

Date	Check/Voucher No.	HK Dollar
_____	_____	_____
_____	_____	_____
_____	_____	_____
		Total Disbursement
		Less: Expenditures Previously Reported
		Balance to be Accounted for

B. FINANCIAL REPORT - see page 2

C. REQUIRED DOCUMENTATION

____ Bank Statements

____ Receipts

____ Other _____

D. AGREEMENT/AMENDMENT DOCUMENTATION

Date Signed

E. CERTIFICATIONS

Expenditures: I certify that the amounts listed in Part A above have been received, and expended as reported in Part B above, in accordance with the conditions of the cited agreement. These expenditures are substantiated by documentation in our files. All money received and not reported as having been expended together with any interest earned on this money has been returned, with the following exceptions:

Date

Recipient

Signature/Title

Model C: Sample Financial Report and Certification to Donor

FINANCIAL REPORT - Summarize and list expenditures by categories (examples: travel, honoraria, stipends, supplies, equipment, etc.) which conform to the budget categories used in the agreement (or proposal or other document(s) on which the grant was based) and attached sheets with the details.

Items	Budget Line Items	Approved Budget	A Cumulative Advances	B Disbursed this Period	C Balance to be Accounted for (A+B=C)	D Cumulative Expenditures	E Expended this Period	F Unexpended Balance (C-D-E=F)
1					0.00			0.00
2					0.00			0.00
3					0.00			0.00
4					0.00			0.00
5					0.00			0.00
6					0.00			0.00
7					0.00			0.00
8					0.00			0.00
9					0.00			0.00
10					0.00			0.00
11					0.00			0.00
12					0.00			0.00
13					0.00			0.00
14					0.00			0.00
15					0.00			0.00
Total:		0.00	0.00	0.00	0.00	0.00	0.00	0.00

Less: Money Refunded (date): _____

Total Funds to be Accounted For: _____ **0**

Interest earned on advances: _____ For Period (from/to): _____

Remarks/Comments: _____

VI. Resources and References

The Asia Pacific Philanthropy Consortium
www.asiaphilanthropy.org

The Asia Foundation
www.asiafoundation.org

Association of Baltimore Area Grantmakers
www.abagmd.org

Association of Fundraising Professionals
www.afpnet.org

BBB Wise Giving Alliance
www.give.org

Business Community
www.communitybusiness.org.hk

Business for Social Responsibility
www.bsr.org

Business in the Community
www.bitc.org.uk

The Centre for Effective Philanthropy
www.effectivephilanthropy.com

The Centre on Philanthropy at Indiana University
www.philanthropy.iupui.edu

Committee to Encourage Corporate Philanthropy
www.corphilanthropy.org

The Council on Foundations
www.cof.org

The Giving Forum
www.givingforum.org

Hong Kong Council of Social Service
www.hkcsc.org.hk

Imagine Canada
www.imagine.ca

International Committee on Fundraising Organizations
www.icfo.de

Minnesota Council on Foundations
www.minnesotagiving.org

OnPhilanthropy
www.onphilanthropy.com

Philanthropy Australia
www.philanthropy.org.au

The Philanthropic Initiative Inc.
www.tpi.org

The Prince of Wales International Business Leaders Forum
www.iblbf.org

United Way of America
www.national.unitedway.org