



Self-financing Activities Among Civil Society Organizations in Colombia: A National Assessment

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The Colombia report is the basis of research conducted to determine needs in the country and to begin to create training and support mechanisms for civil society organizations seeking to develop or expand a social enterprise activity. The methodology used for this report has been developed by NESsT over 10 years. The report was edited by Nicole Etchart, co-founder and CEO of NESsT.

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Introduction

This report provides an overview of self-financing activities¹ in Colombia. In recent years, nonprofit organizations or civil society organizations (CSOs)² have increasingly turned to carrying out self-financing activities to continue fulfilling their missions. The objective of the work presented in this document is to research the characteristics and the potential of such self-financing activities in Colombia.

The first chapter offers a general description of nonprofit organizations in Colombia, with an emphasis on those organizations which seek to generate their own income. The second chapter describes the legal framework under which nonprofit organizations operate in Colombia and the tax conditions with which they must comply. The third section presents the various sources of self-financing assistance available that have inter-sector or international sponsors within the country. Notable examples are presented for each possible form of national and international cooperation among governmental organizations, business organizations, development NGOs and universities. The fourth chapter offers nine examples of nonprofit organizations that operate self-financing activities. These examples were selected to illustrate distinct types of activities and varying results. The final chapter enumerates the similarities and differences existing in the examples described in order to set out the opportunities and challenges for the sustainable development of CSOs in Colombia.

This exploratory research was carried out through interviews with three types of actors: experts in legal topics, national and international donors and sponsors, and directors of nonprofit organizations with self-financing activities. These cases were selected according to specified criteria, including diversity in the types of self-financing activities (e.g., cases in healthcare, micro-credit, family planning, social and housing marketing), the types of organization (e.g., non-governmental organizations, community organizations, family compensation associations (cajas de compensación) and joint venture corporations), and in the types of results achieved (e.g., basic survival or noticeable growth). Apart from the primary research, we collected information from various types of documents to study each of the selected cases. The analysis of this information points to a range of possibilities for self-financing activities in Colombia.

¹ NESsT uses the term "self-financing" to refer to diverse strategies used by civil society organizations to generate their own revenues (sale of products, service fees, use of hard or soft assets, and dividends or investment income). NESsT uses the term "social enterprise" to refer to self-financing activities that are designed by a CSO to significantly strengthen the financial sustainability and the mission impact of the CSO.

² Included in the category of CSOs are any of the formally registered nonprofit, non-state organizations or community-based associations and groups that fall outside the sphere of the government and business sectors. This document uses the terms CSO and nonprofit organization interchangeably, as the latter is the more commonly used in Colombian legislation.

1. The Third Sector in Colombia

Civil society organizations, legally formed in Colombia as nonprofit organizations, have been the object of numerous studies in recent years as a result of their proliferation and impact (CCONG/BID 2001; John Hopkins University 1999; DANSOCIAL 2004; Bogotá Mayor's Office/District Cooperation Network for Development, or Red Distrital de Cooperación para el Desarrollo, 2005). With different points of view and focal points, each of these studies has tried to understand the dimensions of the third sector in Colombia, its diversity and structure, and to shed light on the various legal and institutional gaps that these types of organizations confront. The following are some facts about the magnitude of the third sector in Colombia³:

- Approximately 136,000 registered nonprofit organizations exist in Colombia. The city of Bogotá alone has registered more than 40,000.
- Colombian nonprofit organizations have been developed using 36 different forms of legal organization.
- Non-governmental organizations provide 27.7% of the education, healthcare, development and housing offered in the country.
- Third-sector organizations generate 1.7 billion pesos annually (2.1% of Colombia's GDP) with most nonprofit employment in the education sector (26.1%), followed by healthcare (17.5%) and business, professional and employee associations (15.1%).
- The financing of the Colombian third sector comes in large part from the sale of services and membership fees (70.2%) and, to a lesser extent, from donations received from the private sector (14.9%). The other 14.9% comes from the public sector.
- Apart from providing a number of jobs equivalent to one-third of public sector employment (337,617 Colombian workers were employed by these organizations in the mid-1990's) and generating 2.4% of total employment, a higher-than-average figure for Latin America, the Colombian nonprofit sector is internationally recognized for its diversity and its contribution to the political, economic and social life of the country.

Colombian legal rules classify CSOs in three major categories according to their origin: 1) foundations, which are essentially economic in nature; 2) associations or corporations, whose fundamental elements are the people who belong to them; and (3) the "solidarity sector entities" which, according to law, belong to the cooperative sector. Foundations, associations and corporations fall

³ Villar, Rodrigo. *El Tercer Sector en Colombia: evolución, dimensión y tendencias (The Third Sector in Colombia: Evolution, Dimension and Trends)*. Bogotá: Confederación Colombiana de Organizaciones No Gubernamentales (Colombian Confederation of Nongovernmental Organizations), 2001.

under the same legal framework for all matters related to registration, oversight and taxation. In accordance with the Tax Statute, the majority of nonprofit organizations belong to the Special Regime, which recently became law through decrees 4400/2004 and 640/2005. These decrees pertain to CSOs whose principal activities are in the fields of healthcare, sports, education, culture, scientific investigation, ecology, social development, co-ops and other forms of economic solidarity provided for in Law 78/88, and nonprofit legal entities that manage financial resources, mutual investment funds and guilds.

With regard to the legal purposes of nonprofit organizations, two different classifications exist. In 2005, the District Cooperation Network for Development, the branch of the mayor's office of Bogotá responsible for coordinating empowerment activities for social organizations registered in the Capital District, reorganized its registry of CSOs operating in the city that work with eight groups (i.e., infants, children, adolescents, youth, adults, the elderly, women and gender, and family) and classified them according to a system composed of 17 categories. The National Administrative Department of Economic Solidarity (Departamento Administrativo Nacional de la Economía Solidaria, or DANSOCIAL), in turn, has carried out a survey of these organizations from the perspective of differentiating between two general systems: that of economic solidarity (i.e., co-ops, employee funds, mutual funds) and developmental solidarity (i.e., foundations, corporations, associations, community action councils, family compensation associations, and volunteer organizations). Appendix 1 lists the various legal forms that are recognized.

A. Registration, Oversight and Control

Although in the last five years regulations governing registration, oversight and control have not undergone any new developments, and decrees 2150 of 1995, 427 of 1996 and 1789 of 1998 have been maintained in force, this issue has been one of the greatest concerns of the mayor's office in Bogotá. With the appointment of the District Cooperation Network for Development, the mayor's office has made an effort to update and organize the database of registered nonprofit organizations in the Capital District, with the goal of systematizing and monitoring the results of training and organizational strengthening efforts advanced by the different administrations. In Colombia, the registry of CSOs is decentralized and oversight and control of such organizations depends on their legal purpose. As a consequence, there are close to 40,000 nonprofit organizations in the District alone whose activities are unknown to the administration. The operating hypothesis of the District Cooperation Network for Development is that close to 50% of the entities registered are no longer in operation but have never been officially dissolved.

B. Taxation

Recently there has been discussion in the country of the tendency towards tightening regulations for organizations that fall under the Special Regime, as an attempt by the tax administration to cut benefits and avoid tax evasion that can occur among these types of organizations (see the list of recent regulations governing the self-financing activities of CSOs in Colombia in Appendix 2). The symptoms of such tax evasion can be seen in the influx of nonprofit organizations created by for-profit companies, who use such organizations as fronts to gain access to tax extensions, without specifically defined social purposes. Law 863/2003, which regulates the Uniform Tax Register, reformed the Tax Statute related to tax dispositions as well as anti-tax evasion regulations. Through this law and the previous issuance of Decree 640/2005, legal vacuums were eliminated in relation to the definition of surpluses that must be reinvested in the mission of nonprofit organizations. Before the issuance of Law 863, nonprofit organizations were required to reinvest all of their fiscal surplus in order to be considered tax-exempt, but, because of the results achieved in the debate between the National Tax Administration and the Colombian Confederation of Nongovernmental Organizations, the new regulation reassessed this disposition, allowing CSOs to omit from their taxable income certain expenses but requiring the specific reinvestment of the recorded surplus. The law also specified the obligation, for co-ops and mutual companies, to invest "at least 20% of the net profit or accounting surplus, in an autonomous manner, to finance scholarships and formal education programs in institutions authorized by the National Education Ministry".⁴

In Colombia, the common regulatory framework that exists on tax matters for both for-profit and nonprofit entities is constantly undergoing reform. The result is a high level of ignorance among those responsible for taxation matters about the applicable norm in effect, in particular for nonprofit organizations that are unable to take full advantage of the tax benefits available to them. The activities developed by these entities should, in light of the "interpretation" by the tax authority, be connected to the legal purpose of the organization to avoid losing the tax benefit. The requirements in matters of financial statements and the issuance of donation certificates forces CSOs to keep an accountant or tax reviewer on the payroll, in addition to, in many cases, making use of tax experts to demonstrate that their actions are directly related to their mission statement and are therefore eligible for tax exemption. This makes the sustainability of this type of organization difficult, given that administrative costs, in large part, are not financed by donors, who

⁴ Decree 640/2005, article 12, numeral b.

designate their donations for specific projects aligned with the organization's mission.

The issuance of Decree 4400/2004 and its statute 640/2005, which focused specifically on the regulation of the Special Regime (Tax Statute, Book I, Title VI, Article 19) was an attempt to clarify the dichotomy caused by the fragmentation of laws reforming the Tax Statute. Decree 4400/2004 revoked 124/97 and regulates the definition of corporate/business purposes and activities falling under the Special Regime. Among the key elements of Decree 640 is the regulation of industrial activities and marketing developed by guilds and mutual funds, as activities sheltered under the Special Regime. As a result, the conditions for donations benefiting from tax exemption were regulated, social interest activities were defined, and community access was set as a necessary condition for an organization to obtain such benefits.⁵

According to Juan Carlos Jaramillo, a lawyer specializing in nonprofit organization taxation matters, with the issuance of the new decrees and the repeal of Decree 124/95, nonprofit organizations were given *carte blanche* to develop commercial self-financing activities without restrictions on the type of activities. What is important, then, for these activities to be considered tax-exempt is that the income surpluses resulting from them are invested in the development of the mission purpose of the organization and that the commercial activities do not take precedent over the mission-related activities of the CSO.

A mechanism utilized by nonprofit organizations to guarantee that their commercial activities are carried out within the scope of their mission purpose is to set themselves up with broad social purposes that emphasize the general good and access to the community. This tendency creates a difficulty for oversight and control efforts like those the District Cooperation Network has put into place, as the categories identified end up overlapping and dissolving into mission purposes that do not clearly specify population benefits or areas of action. There has not been a coherent response from the government to counteract this tendency, so the tax-exemption benefits continue to vary from one norm to another. Law 788/2002 includes, for example, exemptions for donations to healthcare programs, an exemption that was eliminated by Law 863/2003.

But the duality in the tax-exemptions and incentives doesn't exist only in regard to the social purpose of activities; it also affects other income without a designated purpose that could contribute to the fulfillment of the organizations' mission. On the one hand, Law 863/2003 stimulates investment in productive fixed assets and eliminates withholding on sources of income in foreign currency. On the other

⁵ "The activities are of general interest when they benefit a population group, such as a sector, a neighborhood or a community. A nonprofit organization is considered to be providing access to the community when it offers services and activities carried out in furtherance of its business purpose, permitting third parties to benefit from them under the same conditions that members of the entity, or their family members, benefit." [Article 2 of the Regulatory Decree 4400 of 2004]

hand, laws 863 and 788 are contradictory in relation to occasional income and lack clarity with respect to the taxation or lack thereof on adjustments to income due to inflation.

C. Self-financing Activities

Even though self-financing activities permit nonprofit organizations to develop long-term and high-impact activities without having to be completely subject to the financial, temporary, or program limitations of their donors, no governmental policy exists to promote such activities. Nor are substantial distinctions made with respect to the treatment of commercial activities and marketing activities developed by for-profit companies. Apart from the tax complexities discussed in the previous section, examples exist, such as in Law 1014/2006, to promote a culture of entrepreneurship. This law emphasizes commercial and productive entrepreneurship but does not refer to or provide incentives for nonprofits or socially oriented organizations.

A study carried out by the Colombian Confederation of NGOs and the Inter-American Development Bank (Mariño y Mateus, 2001), identified three critical areas for the self-financing of CSOs in Colombia:

- *Access to financial services.* The image of nonprofit organizations as being financially weak and lacking resources perpetuates mechanisms that exclude them from the financial system. In this system, for example, collateral requirements for CSOs are overly strict. There should be equal treatment of nonprofit organizations and commercial organizations.
- *Access to public resources.* Decree 777/92 puts nonprofit organizations that seek to enter into contracts with decentralized public entities at a disadvantage because of the complexity of the procedures and requirements for working with NGOs. Such entities prefer contractig with private organizations because the process is simpler.
- *Access to international financing.* International development assistance depends on the aid policies of the government contributing the funds and is overseen by Colombia's Presidential Agency for Social Action and International Cooperation. Access to these funds is restricted to certain areas and by the requirements of the foreign agency and the Colombian agency. Decree 540/2004 also restricts the tax exemptions on those donations from countries with which Colombia has signed an intergovernmental agreement.

As we mentioned previously, self-financing is an important element in the budgets of nonprofit organizations in Colombia. According to a study coordinated by The John Hopkins Center for Civil Society

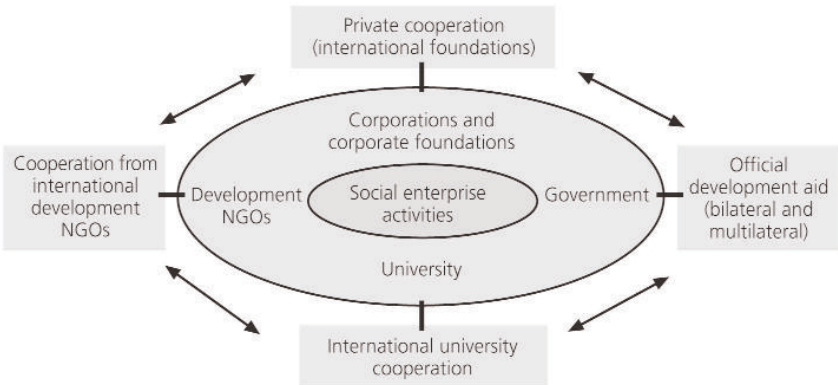
Studies, there are two situations in which nonprofit organizations develop self-financing activities: 1) to grow and to widen their sphere of influence, and 2) as a way to ensure sustainability.

2. Donors and Organizations Supporting Self-financing of NGOs

In Colombia, a diverse range of organizations is engaged in self-financing activities. The tendency of these support/donor organizations, both nationally and internationally, is to focus their assistance on programs and/or projects that have the potential to become self-financing. This represents a step forward, away from paternalism and towards social investment.

Figure 1 shows the spectrum of national and international cooperation in Colombia. Throughout this section, we discuss the elements presented in this diagram, starting with a description of the actors involved in governmental aid, both national and international, and continuing in a counter-clockwise direction. In this chapter we will seek to describe the spectrum of support that exists, show how these organizations work with nonprofit organizations, and, finally, provide some ideas for each group and overall about how these groups can complement each other's efforts.

Figure 1. Groups Supporting Self-financing Activities in Colombia



A. Official/Government Support

Official support, both national and international, comes from bilateral agencies and multilateral organisms and is sometimes known as official development aid (“ayuda oficial al desarrollo”). To synthesize the wide spectrum of official cooperation, the study concentrates on three programs of the the current Colombian government’s development plan (2003-2006), all of which receive official development aid:

- International Cooperation Strategy of Colombia (February 2005);
- Seven Equality Tools (Plan for Social Reactivation announced by President Uribe at the beginning of his term in 2003);
- Millenium Development Goals (Human Development Index 2003).

National Government Support

Society and the environment are the beneficiaries of nonprofit organizations, and the government is responsible for the development of society and environmental preservation. This convergence gives importance to the International Cooperation Strategy (defined in February 2005) because it commits state development entities to action and integrates networks through which the country can solicit resources of bilateral and multilateral cooperation. Within the International Cooperation Strategy, the following general areas of action are described: 1) forests; 2) reincorporation into society; 3) productive and alternative development; 4) strengthening the state of social law and human rights; 5) regional peace and development programs; and 6) displacement and humanitarian aid. Total investment in the six areas of the International Cooperation Strategy is US\$1.16 billion dollars (for a breakdown of this amount by area, see Appendix 3).

Within the strategic areas there are many opportunities for self-financing activities. For example: 1) the area of forestry is included in the National Forest Development Plan, which provides support for associated enterprises and products for rural development; 2) in the area of reincorporation into society, there is a wide range of self-financing strategies for groups that reintegrate into society with the goal of generating “productive employment for peace”; and (3) in the area of development of productive and alternative crops, the Alternative Development Program assists existing and new CSOs which promote these types of projects.

⁶ For more information, see <http://www.presidencia.gov.co/cne/2003/enero/12/01122003.htm>, last visited May 25, 2006.

The Seven Equality Tools⁶ are part of the “Social Reactivation Plan” that President Uribe launched in 2003, with the promise of benefiting, in its first year, more than 9.5 million mostly low-income people

almost equally distributed between rural and urban areas. The total value of the investment exceeds 3.5 billion pesos. The Plan aggregates and applies all of the benefits and incentives created in the Legislative Agenda that have been presented by the Government and approved by Congress. Among them are the Tax and Labor Reforms. The Social Reactivation Plan, in conjunction with the Economic Reactivation Plan, focuses on employment as its main purpose on a national level. According to the initial proposal of 2003, the seven tools are:

1. Education Revolution: Among them are many areas of this tool related to the self-financing of CSOs is the assignment of 20,000 additional loans for higher education by Icetex and the training of 1.95 million people in diverse skills and trades by Sena, which includes the program Youth in Action⁷.
2. Social Security: Among other areas, the delivery of 100,000 school breakfasts to children under five years old, in addition to the 72,000 children who already receive this benefit, opens a service opportunity to a nonprofit organization dedicated to supplying food to children
3. Rural Social Management: One of the areas oriented toward 4,588,815 people, as government-approved beneficiaries of credit, adaptation of land for new uses, entitlement to vacant land, irrigation incentives for the creation of rural micro-enterprises and subsidies for housing rehabilitation, among other areas, where CSOs working in the rural sector can increase the solidity of their self-financing activities.
4. Social Management of Public Services: In this area, water supply companies receive significant tax deductions when they invest in the construction of regional water systems or those of neighboring towns and villages, which can be done through forming alliances with local nonprofit organizations in some cases.
5. Nation of Owners: The designation of almost 1 billion pesos for micro-credits set aside for the creation of small and medium businesses represents an option for the assistance by nonprofit organizations for viable economic projects.
6. Cooperatives: A project to finance the creation of 46 production chain cooperatives that will benefit 13,780 micro-entrepreneurs by enabling them to improve production and commercialize their products, particularly in the jewelry, ceramics, and apparel sectors.
7. Quality of Urban Life: In addition to transportation, which represents the largest investment, the construction of parks and bicycle paths is an activity that nonprofit organizations related to the environment and recreation could be involved in.

The Millennium Development Goals (MDG) do not include promotion of social enterprises as an important engine for development. In their emphasis on the "fight against poverty," the

⁷ For more information, see <http://www.sena.edu.co/Portal/Dirección+de+Empleo+y+Trabajo+/Jovenes+en+Acción+2006/>, last visited May 25, 2006

goals fail to recognize structural causes, and only in objective eight do they offer a weak reference to the role of the business sector in social responsibility as an indispensable actor for the compliance with the other seven millennium development goals (which would be better called "millennium humanitarian aid goals"). Because of this, we make little mention of the few self-financing options for nonprofit organizations that these goals have been able to generate in Colombia.

According to the 2005 Human Development Index, one of the principle obstacles for human development is the extreme inequality between nations and within them, a situation that also constitutes a powerful brake on more rapid progress toward the MDG. The study of the support for development of sustainable self-financing activities is necessary and urgent task. The demand for "trade, not aid" has been with us since 1964, when the UNCTAD was the site of a protest on behalf of underdeveloped countries.

In addition to the political and economic programs of the state, there are a number of other programs partially funded by international assistance where the Colombian government supports entrepreneurship. Some nonprofit organizations with enterprising activities or solid entrepreneurial ideas also may be the beneficiaries of these programs.⁸

The government channels other resources to stimulate and strengthen the self-financing activities of CSOs through its ministries, the Department of the Interior, municipal administrations, chambers of commerce and family compensation associations, among others. A special case of strategic governmental cooperation for the assistance of nonprofit organizations is the District Cooperation Network for Development. This network works to link, within a system, the needs of the Bogotá mayor's office and all of its institutions with the products and services offered by nonprofit organizations, companies, academia and churches. With regard just to community organizations, the educational support for such organizations has been dismantled and hardly meets their needs; it is also characterized by duplication of training efforts for the same group of leaders, without achieving a significant impact in the improvement of the organizations.⁹ Based on this experience, the District Network designed a first phase of training and mentoring for more than 100 community organizations. These efforts supported by the public sector are complemented by efforts supported by the private sector.

In conclusion, the nonprofit organizations that are familiar with the priorities of the government and can offer their cooperation, identifying objectives that are aligned with their mission, will have greater possibilities of achieving self-financing. Beyond being sporadic

⁸ Among these programs are those put out by SENA in its section on entrepreneurship, which can be found at: <http://www.sena.edu.co/Portal/Emprendimiento/>

⁹ Corporación Raíces, "Estudio de factibilidad para la creación del Centro de Gestión Comunitaria" ("Feasibility Study for the Creation of a Community Management Center"). Bogotá: Fundación Corona, September 2002. To complete this study, Corporación Raíces carried out a survey of 440 organizations, in addition to interviews and focus groups with close to 100 community leaders, 50 government officials and 20 public entities.

contestants for resources from short or medium-term programs and/or projects, they can be strategically aligned with the priorities of the government.

International Government Aid

The Presidential Agency for Social Action and International Cooperation ("Social Action") channels national and international resources to execute all social programs that depend on the Presidency and that focus on vulnerable populations affected by poverty, drug-trafficking and violence. In this way, Social Action has been integrated since 2005 with the Social Solidarity Network (Red de Solidaridad Social, or RSS) and the Colombian Agency of International Cooperation (Agencia Colombiana de Cooperación Internacional, or ACCI).

Social Action, through its International Cooperation Department, developed a mechanism for evaluating the intensity of the connection between international support (programs, projects, activities, etc) and the three axes of the current national government's development proposal: the International Cooperation Strategy, the Seven Equality Tools, and the Millennium Development Goals. The principal conclusions of the study were the following:

1. The international aid Colombia receives is highly connected to the central themes of national and international development agendas.
2. The most intense international cooperation is found within Colombia's International Cooperation Strategy, which adequately interprets national needs and its sponsors' priorities.
3. The least intense cooperation is seen in matters related to basic population needs, which could reflect the type of cooperation that a middle-income country like Colombia receives.
4. The high concentration of resources destined toward strengthening the state of law and human rights makes clear the nature of sponsors' priorities for the country, in terms of peace building.
5. There is a high level of support for fighting poverty in general terms, working towards the Millennium Development Goals as well as in the Seven Equality Tools, which shows the tendency to align national programs with the objectives of international cooperation.
6. Low levels of cooperation are not represented in any of the scenarios (with very few exceptions).
7. Scores of medium and low intensity of cooperation is an important aspect to take into account when reorienting certain activities.
8. In terms of the Millennium Development Goals, there is a need to work on those goals related to healthcare and education goals

- (these have the greatest values of low intensity cooperation).
9. It is important to determine why international support has had little impact on the Seven Equality Tools.
 10. The low level of intensity of the International Cooperation Strategy in the areas of involuntary displacement and humanitarian assistance and societal reincorporation suggests the need for a reorientation of these activities.
 11. The analysis and conclusions are of a general nature; specific reorientation proposals should be based on a joint revision of each source of assistance.

The Cooperation Manual published by the ACCI in 2005 sets forth the Colombian National System of Cooperation with the description and lines of action of bilateral cooperation, aid from developed countries, assistance from multilateral entities and between developing countries and Colombia. The manual also makes reference to the decentralized international cooperation or cooperation among municipalities, which is principally driven by the Colombian Federation of Municipalities and the international cooperation among nonprofit organizations, supported by the Colombian Confederation of NGOs.

The Cooperation Manual makes no direct reference to programs or projects of multilateral organizations, bilateral organizations or technical cooperation among developing countries that are specifically oriented to the self-financing activities of CSOs. A large part of the cooperation objectives are oriented towards the final beneficiary, principally corresponding to the lowest income population or the development of environmental protection projects. However, within the different objectives of bilateral and multilateral, decentralized, and nonprofit cooperation, economic sustainability is viewed as a cross-sector variable and in some cases, public-private alliances oriented towards the search for sustainability are developed; some nonprofit organizations may find a niche for their self-financing activities within these processes.

The majority of bilateral cooperation resources are oriented toward projects in diverse fields with periods of limited duration, and they do not finance activities administered by the local nonprofit organizations that coordinate such activities. Among the countries that include cooperation objectives for the strengthening of nonprofit organization capacities, including, in the majority of the instances, technical training, are:

1. Germany: German technical aid has among its goals to assist the advancement of self-help in order to maximize the use of one's own resources. An example is aid from the Konrad Adenauer Foundation, which seeks to promote economic development oriented toward the consolidation of a lasting peace in Colombia.

2. Belgium: includes as an objective the strengthening of nonprofit organizations.
3. United States: has objectives oriented towards providing long-term strategies to strengthen democracy and economic and social alternatives to the production of illicit crops.
4. Japan: through scholarships and assisting scholarship recipients upon their return, seeks to strengthen the human development of CSO representatives.
5. Kingdom of the Netherlands: through the program "Human Rights, Peace and Governability", assists in training and strengthening nonprofit organizations. There is also a program of economic-commercial cooperation to support the commercial viability of low-income communities. The program focuses aid towards the development of projects of the Colombian Network of Environmentally-Friendly Producers, which assists more than 70 rural nonprofit organizations through a network of community exchanges, technical production development, organic and fair trade certification, and national and international product sales.

Most multilateral organizations have thematic objectives and strengthen nonprofit organizations that focus specifically on those objectives; this is what occurs with organizations such as the International Workers Association, the World Health Organization and the Food and Agriculture Organization in matters of labor, health and agriculture, respectively. In this way, although they do not explicitly aid the self-financing activities of CSOs, they may generate areas of cooperation which strengthen select organizations. The following are examples of these objectives:

1. United Nations High Commissioner for Refugees: includes among its objectives the institutional strengthening and socio-economic stabilization of displaced communities.
2. Inter-American Development Bank: has objectives oriented toward business development with a social emphasis, such as the Social Entrepreneurship Program.
3. World Bank: within its Institutional Development Fund, the Bank supports the development of nonprofit organizations that are viewed as strategic for supporting society.
4. Organization of Ibero-American States: through its Administrative and Managerial Services program with public entities, during 2006 it assisted DANSOCIAL in coordinating research and events that included the topic of self-financing of nonprofit organizations.
5. International Organization for Migration: although its cooperation objectives do not include specific aid to CSO self-financing activities, it works with the organization Compartamos con Colombia to promote the Inversor program, which takes private investment to communities (nonprofit organizations) with agribusiness production projects.

B. Business Sector Cooperation

In this section we describe how social initiatives of the Colombian business sector (companies, entrepreneurial foundations, guilds) are promoting, through diverse means, the self-financing activities of nonprofit organizations. We also provide a brief introduction to the manner in which international entrepreneurial organizations (well-known entrepreneurial foundations) assist in the development of social enterprise activities in Colombia, principally focusing their assistance through Colombian entrepreneurial foundations and universities.

Cooperation of the Colombian Business Sector

The Colombian business sector is one of the oldest and most dynamically involved in corporate social responsibility (CSR) initiatives in all of Latin America. A substantial portion of third-sector income (14.9%) comes from direct contributions from individuals, private companies, and entrepreneurial foundations. This figure is "higher than the average in Latin America (10.4%), the United States (12.8%), Western Europe (7.2%) and Japan (2.6%)" (Salamon, 1999). Over the last decade, the greatest quantity of resources of the "new philanthropy" organized in Latin America has come from the business world; studies carried out in Brazil, Chile, Peru, Colombia, Ecuador and Mexico reveal that companies and business leaders are the principal promoters of new foundations in the region. In 1997, María Cristina Rojas identified 94 corporate foundations in Colombia with assets reaching close to US\$1 billion, an amount equivalent to 1% of the GDP and 5% of the total public expenditure in that year. Meanwhile, in Brazil in 2000, corporate funding for diverse types of social projects was estimated at US\$2.3 billion by 462,000 companies and represents .4% of the GDP in that year (Rojas y Morales, 2000).

One of the principal sources of aid for social entrepreneurial activities in Colombia comes from the business sector, specifically from the most well-known entrepreneurial foundations/corporations (See Appendix 4 for the perspectives of four of the principal entrepreneurial foundations/corporations). The business sector initiatives that drive the self-financing activities of CSOs are diverse. We have set out a series of examples of such initiatives, divided into three categories, not in order to circumscribe the purposes of the initiatives but rather to describe their primary orientation:

- 1) *Contributes to institutional strengthening of nonprofit organizations:* companies or organizations developed by companies that, through their consulting and/or mentoring activities, strengthen the business structure of nonprofit organizations, raising their

potential for developing self-financing activities.

1. The Consortium Corporation for Community Development (Corporación Consorcio para el Desarrollo Comunitario) was founded in 1995 as a result of an agreement entered into with the Ford Foundation, to promote and strengthen (through management, project co-financing and promotion of alliances) community development organizations, operating under the assumption that these organizations contribute to building a fair, prosperous and democratic society in harmony with the environment.
2. Gas Natural, as part of the Program of Advanced Formation in Public Service Social Control driven by public sector companies in Bogotá and the District Administration, has trained, along with the National University, leaders from all areas of the city and the municipalities of Chía and Soacha.
3. The Fenosa Union Foundation (Fundación Unión Fenosa), in a change of strategy following the cutting-off of energy services to the market of Bazaruto in the city of Cartagena, has been developing a successful process of community training and strengthening within the Bazaruto market, where they have recovered a portfolio for the company Electrocosta (FENOSA) surpassing 90 million pesos during 2004.
4. ANDI, the National Association of Colombian Industry, promotes a company alliance in Bogotá in which management executives donate their time through programs in different low-income sections of Bogotá to convert Bogotá-Cundinamarca into a "Global Region" model.
5. Alpina, the Colombian multinational dairy product company, has run a volunteer program since 2000-Alpina Somos Todos-which facilitates the donation of its employees' time, money and knowledge to nonprofit organizations selected by the company. Thirty organizations focusing on nutrition and education have been helped through the program.
6. The Archdiocese Food Bank Foundation in Bogotá, created in 2001, has collected 13,000 pounds of food donated principally by supermarkets and large shopping centers. Just as important, they have developed a logistics plan with the help of donor entities, which has permitted the organization to increase the level of use of the donated food.

As examples of institutional strengthening of nonprofit organizations, the Let's Share with Colombia Corporation (Corporación Compartamos con Colombia) and the Saldarriaga Concha Foundation (Fundación Saldarriaga Concha) have distinct perspectives. In what follows, we describe some of these differences:

- Let's Share with Colombia Corporation brings together 19

associated consulting firms that have carried out donations and lend the services of their consultants at no charge for the execution of more than 66 projects so far (with 1.2 million indirect beneficiaries) for strengthening the management of CSOs with high levels of impact in different parts of the country. The goal for all of the nonprofit organizations assisted through this program is sustainability. They are often beneficiaries of programs like Colombia Connection (a portal for donations of Colombians residing abroad) and Give to Colombia (donations from United States companies to nonprofit organizations in Colombia). In order to capture other resources, Let's Share with Colombia launched its "Inversor" program (social investment) oriented towards obtaining investments to assist social enterprises (principally agribusiness production projects) that assist vulnerable populations and enable public-private alliances (e.g., companies, municipal authorities, community organizations). Inversor is aided by funds from the International Organization for Migration (OIM). Finally, Let's Share with Colombia is one of the two organizers of two competitions that recognize projects that have high social impact, and offers the winners economic resources and the advisory services of expert consultants.

- The Saldarriaga Concha Foundation coordinates a group of academics, consultants and nonprofit directors who have built a strengthening program for organizations in the sector. The Foundation views itself as a second-tier organization with a macro view of the country's social issues and it works together with programs of nonprofit organizations, the National Planning Department, and with first-tier organizations. The Foundation is aware that some CSOs have little chance of becoming self-sustainable, and therefore donates tools (e.g., management models) to these organizations so that they can sustain their activities in the long term and not depend on external donations. Excluding the Saldarriaga Concha Foundation itself (in the words of its director), until now it has not been possible for any of the nonprofit organizations it works with to achieve self-sustainability.
- ▶ *Search for and/or generation of markets for nonprofit products and services:* companies or organizations that need the products and/or services offered by nonprofit organizations (and on occasion support nonprofits in the sale of their product or service).
 1. Some large shopping center chains in Colombia are assisting associations of remote regional producers to market their products, some of whom have recently replaced illegal crops. In this way, they support the reduction of the multiple environmental impacts created by the cultivation and chemical eradication of illegal crops.

2. Indupalma, an agribusiness company dedicated to the commercial exploitation of the African palm, developed a "private" agrarian reform model based in the creation of an entrepreneurial community. In the case of Indupalma, the company signed contracts with autonomous entrepreneurial units (the majority of which are labor cooperatives) that may be owners, not only of their labor but also of the means of production (capital and property goods).
3. The Among Everyone Network (La Red Entre Todos), an alliance of entrepreneurial foundations and companies whose objective is to strengthen and facilitate the practice of corporate social responsibility and contribute to the integral development of the Department of Antioquia. The Network has developed a program of production chains to facilitate the entry of small organizations into the market.
4. Expocafé, a company ranked 143 in Colombia for its operational sales (285,353 million pesos) in 2005¹⁰, has been the leading exporter of fair-trade coffee since 1991. Since then it has donated close to US\$12 million to the communities where it works as an exporter.

As examples of the search for, or creation of, a market for the products and/or services of nonprofit organizations, the Social Foundation (Fundación Social) and the Corona Foundation (Fundación Corona) have developed programs for social enterprises from the financial sector and from the field of entrepreneurial development:

- The Social Foundation has profitable companies that finance the Foundation and work with it to identify the objectives of its investment projects or loans to social enterprises. As early as 1917, its founder, the Spanish priest Jose Maria Campoamor, saw the need for worker's savings accounts and profitable, socially oriented projects. The Social Savings Bank (Banco Caja Social), the Foundation's principal business, has been successful in meeting the credit needs of micro and small enterprises and has led the way for other banks to follow. The two principal objectives that the Foundation supports are human rights and local integrated development in poor communities that demonstrate a potential for change. Currently, all company profits go to the Foundation, whose projects seek to overcome the structural causes of poverty.
- The Corona Foundation, in its entrepreneurial development area, identifies and prepares markets for social enterprises. In the Foundation's view, the best possibility CSOs (primarily grassroots organizations) have for moving forward with their own products and/or services is to sell to corporate clients. To achieve this, the Foundation works to understand companies' needs and strengthen what the communities have to offer. The Foundation also runs entrepreneurial programs with nonprofit organizations in rural

¹⁰ *Semana* magazine, Las 100 Empresas Más Grandes de Colombia (The 100 Largest Companies in Colombia), Ed. 1251, 22 de Abril de 2006.

areas outside Bogotá and provides support, for their development efforts including, for example, their organic production certification process.

- 】 *Generating nonprofit organizations with self-financing ability:* nonprofit organizations whose creation and social enterprises have been supported by companies in many different ways.
 1. This group includes the majority of the foundations and corporations created by the principal companies in Colombia. Some foundations have demonstrated their self-financing capacity for decades, thanks to the companies that support or own them, including the Social Foundation, Carvajal Foundation (Fundación Carvajal), Corona Foundation, Saldarriaga Concha Foundation, Restrepo Barco Foundation (Fundación Restrepo Barco) and Dividend for Colombia (Dividendo por Colombia).
 2. Other corporations, for example, those created principally during the 1990s with the support of mentor foundations like the Corona Foundation, base their self-financing on providing specialized services in specific development areas. These include the Quality Corporation (Corporación Calidad), Center for Hospital Management (Centro de Gestión Hospitalaria), Corporation for Judicial Excellence (Corporación Excelencia para la Justicia), Joint Corporation for Education (Corporación Mixta para la Educación), Innovar Corporation (Corporación Innovar), Coinvestment Corporation (Corporación Coinvertir), Transparency for Colombia Corporation (Corporación Transparencia por Colombia), and the Consortium Corporation for Community Development. Other organizations created since 2000, mostly with support from the business sector, significantly increase the number of corporations offering specialized services, for example, Business People for Education (Empresarios por la Educación) and Let's Share with Colombia.
 3. The Corporation for Development of Western Sabana (Corporación Pro Desarrollo del Occidente de la Sabana), known as PRODEOCSA, and the Corporation for Development of Northern Sabana (Corporación Pro Desarrollo del Norte de la Sabana, or PRODENSA), were formed to support the companies located in these regions of Sabana of Bogotá. They work in alliance with the public sector in areas such as education, environment, healthcare, production and public administration.
 4. The Emgesa Foundation (Fundación Emgesa) financed the development of a 42.6-hectare agro-ecological garden on its property designed to offer employment to 80 displaced persons

- as a sustainable export-oriented business, in association with the Social Solidarity Network, the Cooperative of Labor Associates of Soacha, and the mayor's office of Soacha and the governor's office of Cundinamarca.
5. The Colombian Confederation of Chambers of Commerce (CONFECAMARAS), with 57 affiliated chambers, developed along with the chambers of commerce of Pasto, Popayán and Palmira, the Companies for Peace Program (Programa Empresas por la Paz), which works with low-income communities to create community enterprises and provides training in conflict resolution.
 6. The Social Savings Bank (Banco Caja Social) participated in an alliance with the Program for Development and Peace of Magdalena Medio, together with Indupalma, FINAGRO and the World Bank in pilot programs for entrepreneurial and regional development.
 7. Valley in Peace (Vallepaz) was founded in response to the serious social, economic and political situation in rural areas of the Department of the Cauca Valley. Comprised of more than 600 partners, Valley in Peace has carried out projects with an investment of close to 7.5 billion pesos for approximately 1,500 families from 11 peasant associations in the Valley and in the North of Cauca, working in association with the government and municipal mayor's offices.
 8. The Valley Planet Foundation (Fundación Planeta Valle) was founded in mid-2000 by the government of the Cauca Valley, the mayor's office of Santiago de Cali, the Cali Chamber of Commerce, the Universities of the Valley, the University ICESI, and the Carvajal Foundation. Valley Planet concentrates its efforts on generating employment, improving security and co-existence in the Cauca Valley society, and strengthening the capacity of the public administration. For example, it has developed agribusiness in Uva Isabela, an area of 400 hectares where 350 vine growers work.

An important number of Colombian companies support programs that promote the self-financing of CSOs by providing them with transferable enterprise capacities, beyond just economic resources stemming from donations.

There are different ways that this funding is channelled to the CSOs including direct requests from the organizations to the foundations as well as indirectly through agreements between the corporate foundations and international foundations which are then provided to the organizations.

Cooperation from the International Business Sector

Well-known international business foundations provide aid to nonprofit organizations in Colombia. There are varying initial courses of action for support from these international foundations to the CSOs in the country, such as the direct recruitment of funds from these foundations by the nonprofit organizations and agreements between important Colombian business foundations and international business foundations. Some examples of the later course of action include:

1. Through Give To Colombia, resources from foundations in the United States are channeled to Colombian nonprofit organizations, enabling donor foundations to enjoy the same tax exemptions they would receive for donating to United States-based CSOs. Give To Colombia is the only organization that is able to issue tax deduction certificates for U.S. donors in these circumstances.
2. Foundations such as the Ford Foundation and the Inter-American Foundation in the United States finance diverse programs for the development of social enterprises in base communities. One example is the FOCUS fund and the RedEAmérica network of business foundations .
3. The Codespa Foundation (Fundación Codespa) of Spain has a national counterpart in the Carvajal Foundation. Together they develop the Business Support Program to work together with companies to improve the social structure of emerging markets.¹¹

The principal business foundations in Colombia have links with international business foundations. This has been facilitated, among other things, by the dialogue between companies from the same sector with similar ideologies, financial muscle and operational capacity valued by international foundations, and by commercial relationships between enterprises with cooperation agreements.

C. Development NGO Cooperation

Due to the size and diversity of the nonprofit sector in Colombia, as well as the lack of information about it, we have decided to focus on the cooperation of development NGOs, both national and international, in the self-financing of nonprofit organizations through sale of their products. To represent the national case, we have chosen two examples in which development NGOs generate a wide range of organizations that work to achieve self-financing:

- A notable example, involving a large number of associations and cooperatives of producers, distributors and transportation companies, is the National Federation of Colombian Coffee Producers (Federación Nacional de Cafeteros de Colombia, or

¹¹ For more information, see <http://www.fundaciocodespa.org/cast/colempreses.asp> last visited in May 27, 2002

FNC), founded in 1927. The Federation is a guild-like institution that represents more than 566,000 coffee producers through 15 departmental committees and 353 municipal committees. A large part of FNC's success stems from its successful cooperation with other organizations, among them the Colombian government. According to experts in the field of fair trade, the FNC is a worldwide model which has not yet fully taken advantage of its potential in the national and international market.

- The Toolbox Corporation (Corporación Caja de Herramientas) leads the Colombian Network of Environmentally Friendly Community Producers (Red Colombiana de Productores Comunitarios Amigables con el Medio Ambiente), a project for the development of fair trade goods and environmentally friendly services from 2005 through 2009, with resources of close to 4 million euros, produced by 70 communities (indigenous, rural, afro-Colombian communities) in different regions of Colombia (information on the associations and cooperatives can be found at <http://www.cajadeherramientas.org/red/miembros.html>).

There are also development NGOs that work to promote fair trade through awareness campaigns, certifications, and by increasing access to microcredit. For example, the developmental NGO Fairtrade Labelling Organizations International (FLO) enables more than 1 million producers and people that depend on them, in 50 countries, to benefit from free trade. In Colombia, according to Hernando Restrepo, "thanks to the preference that has been given to FLO-certified products, some communities have brought in more money than the municipalities where they are located." FLO guarantees that all products sold with the Free Trade Seal in any part of the world and which are marketed within a national initiative are produced in conformity with Free Trade Standards and contribute to the development of disadvantaged producers and workers.¹² On the other hand, a organization like Oxfam participates in awareness-raising campaigns in different countries, although Oxfam-Colombia still does not have a national campaign.

D. University Cooperation

Universities, through their teaching activities, research and service, are strategic partners in the development of social enterprises. Some universities such as the Pontifical Xavieriana University (Pontificia Universidad Javeriana), the Luis Amigó University Foundation (Fundación Universitaria Luis Amigó), the University of Applied and Environmental Sciences (Universidad de Ciencias Aplicadas y Ambientales, or UDCA), and the Cooperative University (Universidad Cooperativa) have supported the development of business committees in the community action councils. Other universities, like the

¹² For more information, see <http://www.fundaciocodespa.org/cast/colempreses.asp> last consulted on May 27, 2002

University of the Andes for example, support the strengthening of the Programs for Development and Peace through training and joint investigation, and provide nonprofit organizations with students and professional consultant volunteers in advisory programs.

Those universities that work in international networks raise the visibility of best self-financing practices of nonprofit organizations from different countries. This is the goal of, among other organizations, the Social Enterprise Knowledge Network (SEKN), a network of 10 Ibero-American universities created in 2001.

University support for the entrepreneurial activities of nonprofit organizations is not sufficient to meet the needs of these organizations. However, university support for these activities is increasing at an accelerated rate in Colombia.

3. Examples of Self-financing Activities in Colombia

Given the limited donor funding, most Colombian organizations carry out some form of business activity. Within the wide spectrum of organizations that make up the third sector in the country and carry out self-financing activities, we have selected nine such organizations to illustrate the diverse experiences that exist. Our selection includes large and small CSOs, some recently formed and others decades old, a few community organizations and nonprofit organizations focused on specific areas. This basic description of some Colombian organizations will permit us to create an overview in the final section of this document

Colombian Association for Family Well-being (Asociación Probienestar de la Familia Colombiana - Profamilia)

Profamilia was founded in 1965 by a medical doctor, Fernando Tamayo Ogliastri, in order to promote family planning among low-income people. As this market had been neglected until then, Profamilia was a pioneer organization in this field. Towards the end of the 1970s, Profamilia provided 70% of all family planning products in Colombia. Since the 1980s, the organization has played a leadership role in the International Planned Parenthood Federation (IPPF)¹³. As time passed, Profamilia's impact increased, it grew stronger both organizationally and administratively and expanded its focus to include sexual and reproductive health planning. At the beginning of the 1990s, its mission was defined as: to promote family planning and sexual and reproductive health programs by making them affordable to the Colombian population, particularly lower-income people, providing a high-quality service and always respecting the individuals' and couples' rights within the current constitutional framework. After four decades of existence, Profamilia continues offering services to promote the sexual and reproductive health of Colombians over the age of 13 through its 31 clinics, located in cities throughout the country and staffed by 900 employees.

Since its founding, Profamilia has been run as a business with a clear social orientation. According to Liliana Schmitz, head of public relations, "Dr. Tamayo always insisted that Profamilia could ensure its permanence and sustainability as a business over the long term, guaranteeing fulfillment of its social objective". One of the distinguishing characteristics of the social strategy the organization has developed has been offering services at below-market prices in order

¹³ The IPPF is a nonprofit organization that belongs to the autonomous Asociaciones de Planificación Familiar (Associations of Family Planning or APF) in 180 countries. It is the largest volunteer organization in the world in the area of family planning and sexual and reproductive health. The IPPF is supported by funds from more than 20 countries and donations from individuals and private foundations. It currently finances close to 90 of its affiliates, principally in developing countries.

to make them affordable to the poorest segments of the population, while maintaining high levels of quality. One of the key factors contributing to the expansion of Profamilia's social orientation was the decision to broaden access to its services. This not only represented cost savings for the organization but also contributed to its objective of attending to a greater possible number of people. According to Jaime Buitrago, Profamilia's finance manager, "the key to generating a surplus while maintaining such low prices is specialization; this has permitted us to offer quality attention at a high volume. We have been able to offer more than 72,000 tubal ligations per year". Over the years, Profamilia has built a reputation among its beneficiaries for specialization, quality of the attention offered and the possibility of obtaining services they would otherwise not be able to afford. There is not only an economic benefit for the beneficiaries of Profamilia; there is also a demand, especially among women from poorer sectors of Colombian society, for the power to make their own decisions about their sexual life and their condition as mothers.

Profamilia is better known than its products and services. It is common for people in Colombia to identify the organization-for its image, presence and recognition-but they may not know about the range of services and products it offers. Profamilia has its own brand on some of its products, such as condoms and pregnancy tests, but the positioning of these brands is not strong in certain segments of the market. As the directors of the organization recognize, Profamilia frequently invests more on its educational campaigns, such as promoting the use of condoms, than on marketing its products. Concentrating efforts and resources to achieve that positioning may be a way to penetrate new markets and increase sales. In accordance with the directives, the Profamilia "brand" generates confidence. The legitimacy of the organization can be an important asset for positioning but, even so, this demands promotional strategies aligned with market niche objectives (such as the youth population previously mentioned) and with the perception of the users about the service.

In the mid-1990s, decreasing support from USAID and the reform of the healthcare sector in Colombia marked a drastic change in the financial structure of Profamilia. In less than five years, 70% of the organization's income came from the sale of its products and services in sexual and reproductive health. Income from donations began to play a secondary role (21.5% of the total income in 2002), and the income from the sale of sexual and reproductive health services, which represented 26% of total income in 1991, grew to represent 47% in 2000 and more than 50% in 2002. In the last period, the use of a cross-subsidy that would designate surplus from commercially viable services to pay for financially unfeasible but socially necessary programs that were previously financed through donations became a

permanent self-financing strategy. Because it began to compete in the sale of services and had to adjust to receiving payments on credit, Profamilia was forced to contract with insurance companies and increase its efficiency.

In 2003, Profamilia went through a moment of strategic redefinition, rooted in the changes in the Colombian healthcare sector initiated by the passing of Law 100 in 1993. Under this law, the health care system changed from one with a central administration in which the government handpicked providers to one that continued to be public-private but in which health-care providers were required to compete for government contracts. The reform of this sector promoted the entrance of other organizations, which competed directly with Profamilia, causing it to lose the relative monopoly it had enjoyed as a service-lender and provider. The most visible consequence was a drop in its market share. Despite the fact that the organization prepared itself with relative success to meet the changes brought by Law 100 – it specialized in three areas of business, created new management, redefined its cost and income structure, and changed its style of service – the greater complexity of the environment and market brought to light the tension between the social mission of the organization and the need to financially sustain itself as a business.

Two perspectives have existed within Profamilia for decades: one oriented towards social work and the other toward self-sufficiency through the market. As a result, over the last few years, the organization has operationally divided the social and business sides of its work (in strategic, structural and procedural terms). The challenges for Profamilia in the next few years lie in the competition with other social service provider institutions and in the furtherance of its social work.

Transparency for Colombia Corporation (Corporación Transparencia por Colombia)

The Transparency for Colombia Corporation, or Transparency, is the national chapter of Transparency International, the leading anti-corruption NGO in the world, and was founded in Colombia in 1998. Its activities are related to the design, application and massification of tools for corruption prevention, and its beneficiaries are the public and private entities and civil society organizations that work in areas ranging from civic control to public administration.

To develop its activities, Transparency relies on international funding resources and sells its services to public and private entities. An example of these services are the Integrity Pacts, which are ongoing support tools for important government contracting processes at the

national level, to guarantee transparency and integrity of the public and private actors involved in the process. Since 1999, Transparency has developed the Integrity Pacts through contracts with the same entities that open the contracting processes, which has generated not only a form of sustainability but also a commitment on the part of the contracting entity soliciting the implementation of such a tool. However, the charge for this service has been a source of debate inside Transparency International, which questioned the true independence of an organization contracted by the same entity that opened the contracting process. The challenge that Transparency faced during these years was to demonstrate to the country and to Transparency International the independence of its actions despite the source of financing.

Another source of financing for Transparency is a membership fee, which must be renewed every three years. The organization currently has 35 members, among them individuals, universities, foundations and companies in the national and international private sector. In an area as sensitive as that of the fight against corruption, membership is another topic of debate in relation to possible conflicts of interest, organizational credibility and autonomy. Because Transparency sometimes participates in contracting processes where the offerer is one of its members, the organization has clear conflict of interest policies and rules of the game which are pre-established with members.

In order to protect itself from possible conflicts of interest resulting from the actions of its members and to guarantee the commitment of its members to the mission of the organization, Transparency has developed a strategy under which renewal of previous memberships and acceptance of new ones must be approved by its Member Assembly and Governing Advisor, and the organization has designed a transparency declaration that is subscribed to by each of the members when they join.

Currently all of the organization's income is dedicated to activities related to its mission. But Transparency, like other organizations whose mission requires that they maintain an independent and timely presence on key issues for the nation, faces the challenge of developing self-financing activities which are not linked to the sale of services and which would bring it new, untied resources and allow it to more freely promote citizen oversight and develop tools needed at critical moments. The following chart shows the relative importance of the Transparency's self-financing activities.

Chart 1. Relative Importance of Transparency for Colombia's Different Sources of Financing (in pesos)

Year	Self-financing (%)	Public Sector Contracts	Private Sector Contracts	Membership	Donations (%)	Grants	Total (pesos)
1999	10.0	13,500,000	0	0	90.0	121,900,123	135,400,123
2000	57.4	209,770,486	0	0	42.6	155,827,000	365,597,486
2001	61.1	491,414,489	11,509,534	306,500,000	38.9	515,956,654	1,325,380,677
2002	46.3	534,451,075	61,349,586	276,500,000	53.7	1,010,521,057	1,882,821,718
2003	22.8	175,753,235	70,188,869	228,500,000	77.2	1,605,993,777	2,080,435,881
2004	31.2	229,857,132	143,241,901	358,948,975	68.8	1,611,911,809	2,343,959,817
2005	32.8	340,876,165	267,655,498	176,948,975	67.2	1,607,947,264	2,393,427,902
Total	37.0	1,995,622,582	553,945,388	1,347,397,950	63.0	6,630,057,684	10,527,023,604

Colombian Family Subsidy Association (Caja Colombiana de Subsidio Familiar - Colsubsidio)

Colsubsidio serves more than half a million affiliated workers of close to 20,000 companies. In its mission, it emphasizes the joint work of employers, workers and the State "for the integral improvement of living conditions of the population and the development of a society that is supportive, harmonious and fair society". As a nonprofit organization, Colsubsidio was founded in 1957 with an assured income: in that year the government made it mandatory for companies to contribute 4% of the value of the company payroll to a family subsidy for workers, and the government entrusted the family compensation associations with the administration, collection and distribution of the subsidies. Since then, three factors have principally influenced the consolidation of Colsubsidio: its management model, the capacity to reach financial sustainability in very competitive markets, and its participatory and representative nature.

The provision of social services has been a factor in the competitiveness of family compensation associations as they try to attract companies and their workers. By seeking to provide high-quality services these organizations developed a clear commercial orientation towards the client. Many of these associations see themselves as social protection agencies and their management has been a fundamental differentiating factor in areas like education, healthcare, merchandising, housing, micro-credit, recreation and culture.

In the early 1990s, changes in Colombian legislation limited the use of the subsidies paid by companies to subsidize social services provision. In this new context, the alternative in order to continue offering and increasing the reach of social services was to diversify the sources of funding and obtain financial sustainability in some social initiatives. Colsubsidio has incorporated into its strategy a clear policy of self-sustainability, where it has business lines that generate surpluses which are used to subsidize other services. The business lines that are self-sustaining and generate surpluses are social development, healthcare, housing and credit; the areas of education, recreation, and hotel and tourism business still receive subsidies. Today, just over 20% of the funding that Colsubsidio receives is not designated for a specific purpose. This legislative trend toward focusing on the use of the 4% of company payroll is an imminent threat to the organization's Recreation and Education Division whose operational budget is still heavily dependent on this funding (39%).

One of Colsubsidio's strategies to achieve self-sufficiency of its social projects has been to reduce costs. One example is the case of healthcare, which since the approval of Law 100 in 1993, may no longer be subsidized through contributions from businesses. Cost reductions included decreasing, on its own initiative, the salaries of employees, doctors, and dentists. The personnel working in Colsubsidio clinics and healthcare centers know that if this had not been done, the clinics could be shut down, as many others did. Another strategy was to have "each doctor balance his checkbook"; in other words, to be conscious of the financial impact of each medical exam, each medication, and other items. This reduced, in some cases, healthcare costs as much as 300%.

In the healthcare area, the creation of alliances has also been critical in confronting the competition that came about as a result of Law 100. Colsubsidio decided to join with Cafam, another family compensation association, to found a business promoting healthcare, competing in a market with close to two dozen other insurance providers. In 2005, the organization reached 850,000 members and was growing at a rate of 16,000 members per month. It soon increased to 1,100,000 members, at which point their risk as health insurers is diversified and manageable from an actuarial point of view.

Achieving financial sustainability also has required changes in business and marketing strategies. In the 1970s, the first large supermarkets such as Éxito opened in Colombia, and in the 1990s, with the entrance of international chain stores, market competition for Colsubsidio's supermarkets and pharmacies intensified. Colsubsidio had to make an effort to identify those lines and areas producing the best results, and to be conscious of those that did not contribute to successful financial

operations. The strategy adopted by Colsubsidio led it to compete like a corner store but with lower prices. Although Colsubsidio's social merchandising philosophy was "We do not expect to win, we only want to serve", expressing its goal to break even, the operation started to generate profits towards the end of the 1990s. When Law 633 of 2000 prohibited associations from subsidizing their supermarket operations, this did not represent a problem for Colsubsidio because its Division of Social Merchandising was already self-sustaining. In 2003, sales for the Division's network of 22 supermarkets and 56 drugstores reached \$291.126 billion, or 44.6% of the company's total income for that year, converting the Division into the principal income-generator for the association.

Over time, the concept of business units underwent a transformation in Colsubsidio. The change in healthcare, from a clinic focus to a health-based focus, is an example of this change. In other areas the role of the family compensation association also evolved: rather than focus on schools, it began to focus on education; instead of recreation centers, it shifted to tourism, and rather than construction of a gated community it focused its attention on the broader area of housing. By bringing the business units closer together, Colsubsidio was able to identify new opportunities. Growth and expansion of coverage was not long in coming: both in healthcare and in housing, the search for financial sustainability led to expanding the group of beneficiaries from Colsubsidio members to the general population. In the housing business, the organization created programs for members and for non-members, and developed different projects in Bogotá and nearby municipalities. By 2003, the Housing Division had constructed close to 11,000 houses, was self-sustaining and generated income of \$10.771 billion, or 1.7% of Colsubsidio's total income.

No doubt these subsidies hide inefficiencies in an operation and limit the market of subsidized services to a certain population of beneficiaries. As Colsubsidio abandoned reliance on subsidies in pursuit of financial sustainability, it confronted the challenge of becoming more efficient and increasing the scale of its operations. In addition to its self-sustainability policy, Colsubsidio reduced its dependence on state funding (i.e., the 4% of payroll it had received since 1957) by selling services to operate government programs and by attracting funding from international sources. These resources have made it possible to offer services to populations that it previously could not serve because of restrictions on the use of resources from companies. This is one of the paths that Colsubsidio has taken in order to increase the impact that it has on the lives of low-income citizens.

Center for Hospital Management (Centro de Gestión Hospitalaria - CGH)

The Center for Hospital Management, a nonprofit joint venture corporation, was created in Colombia in 1992 with the mission of "promoting and leading the transformation in healthcare management to contribute to the integral development of the sector". The creation of CGH occurred in the midst of a political context particular to Colombia: the "shake up" by the Gaviria administration (1990-1994). The government assumed the task of "modernizing the state" and that implied, among other things, strengthening it institutionally, changing the economic model and redefining many government services. As a result of the latter effort, the Colombian government took the initiative of giving the private sector a fundamental role within public management. In areas like healthcare, education and employment, the state brought in the participation of the private sector in an innovative scheme that sought to align the viewpoints of providers, clients, government and foundations.

The Ministry of Health, responsible at that time for reintegration of former members of the M-19 guerrilla movement, did not authorize the creation of the Center for Hospital Management and instead responded by creating an internal improvement program. Parallel to this development, a special cooperation agreement between the National Department of Planning and the Instituto Colombiano para el Desarrollo de la Ciencia y la Tecnología (Colombian Institute for the Development of Science and Technology, or Colciencias) was signed, designating \$1.5 billion from USAID to start CGH operations. For their part, various private sector entities contributed US\$850,000.

Under this scheme, they had in 1991 already created the Corporación Calidad, another nonprofit joint venture organization like CGH. Later, various entities participated in the creation of the Corporation for Judicial Excellence, the Joint Corporation for Education, the Innovar Corporation, the Coinvestment Corporation, Transparency for Colombia and the Consortium Corporation for Community Development. These corporations have confronted similar structural problems: among others, the limited ability to pay for products and services and high dependence on a few financing sources. Their similarities have led them to create a network of corporations.

The financial yield on CGH's initial assets constituted approximately 30% of its income. Other CGH income came from conducting research and holding events, and from selling advisory and training services to healthcare provider institutions, healthcare promoter companies and public sector agencies such as the Health Secretariate and the Ministry of Health. However, CGH's total income has not

been sufficient to cover operational expenses in recent years: in 2001 the Center had a deficit of 210 million pesos and in 2004 the deficit was 101 million pesos (approximately US\$ 91,000 and US\$37,000, respectively). In addition to relatively high fixed costs, CGH faces growing competition in the consulting market and a noticeable dependence on large contracts.

Women's World Bank Foundation (Fundación Banco Mundial de la Mujer - FBMM-Cali)

Since 1982, the Women's World Bank Foundation, a member of the global network Women's World Banking (WWB), has assisted micro-enterprises in the city of Cali. FBMM-Cali is one of the micro-credit entities most recognized for its size, efficiency and growth. Towards the end of 2004, FBMM-Cali had 96,580 current loans, with 87,094 clients, a portfolio worth \$142.319 billion, a one-day delinquency rate of 1.49% and a delinquency rate greater than 30 days of .81%, while the commercial bank rate was close to 1.95%. Its sustained growth strategy has consisted of growing its coverage zones, expanding its services through agencies located near workplaces of micro-entrepreneurs and strengthening financial and administrative management.

The Foundation raised capital from the Foundation for Higher Education (Fundación para la Educación Superior, or FES) and certain companies located in Cali, such as the Carvajal Foundation and the Financial Corporation of the Valley (Corporación Financiera del Valle). In the mid-1990s, the Foundation had a large number of loans in dollars with international organizations, which became very costly due to the devaluation of Colombia's currency. Starting in 1996, FBMM-Cali gained access to resources from the Institute of Industrial Promotion (Instituto de Fomento Industrial, or IFI) and to much lower interest rates than those offered by commercial banks. The growth of FBMM-Cali's credit portfolio made it necessary for the organization to obtain commercial loans from private financial intermediaries.

With the surpluses of its financial operations, the Foundation extended the reach of its credit services. In 2004, financing from internally generated funds contributed 32% of the resources for the growth of the portfolio and institutional investment; the long-term subsidized sources were repaid almost fully and its external financing came from a variety of international sources (IDB, Deutsche Bank, CAP, DEXIA), national financiers, other financial institutions (Emprender, CHF Mircrodes, COMFANDI) and the governmental bank.

The WWB reached a level of maturity and financial consolidation that permitted it to improve its offering of financial services, to massify and

transfer its efficiencies to the micro-entrepreneur by decreasing interest rates. The interest rate was set in accordance with costs (financial, delinquency risk, administrative, conservation of the real value of the capital); governmental regulation (e.g., the MiPYME Law set commissions and fees at a maximum of 7.5%); competition costs; and costs associated with supporting of the sustainability of clients and the social mission of the institution. This interest rate was placed in 2004 at 2.1% monthly, compared to an average commercial rate of 2.4% monthly.

Nonprofit organizations were the pioneers and, for many years, the only entities that provided access to credit for low-income people. New regulations and the profitability of the business have attracted conventional banks, which compete with greater financing resources, recognized brands, sophisticated technology, a wide variety of services and a large number of branches in the country. In fact, the "good clients" of the micro-credit institutions are the first to be courted by commercial banks seeking to sell their products.

This environment led the Foundation in 2005 to look for alternative sources of long-term financing that would permit it to grow and be competitive as a nonprofit organization. The option selected was to venture into the stock market through two different operations: 1) securitization of a portfolio syndicate in the international market for US\$3,000,000, to fund seven well-known micro-credit operators; and 2) the emission of \$120,000,000 (close to US\$50,000) in bonds, which were acquired in their entirety by the Pension Funds.

Children's Heart Foundation - Cardiological Institute (Fundación Cardio Infantil-Instituto de Cardiología - FCI)

The Children's Heart Foundation-Cardiology Institute was founded in 1973 to assist children with cardiovascular problems whose families were unable to pay for quality health services and technology. During its first phase of development, FCI functioned in borrowed offices and with a significant number of volunteer doctors and personal administrators. In 1986, a contract with the Colombian Institute of Family Well-Being (Instituto Colombiano de Bienestar Familiar, or ICBF) enabled it to build the current headquarters of the Foundation. Assistance to patients but also teaching and research constitute the main activities of the FCI: the Department of Medical Education has more than a dozen postgraduate programs and has, since 1995, functioned as the Carlos Lleras Restrepo National Center for Cardiovascular Research (Centro Nacional de Investigaciones Cardiovasculares "Carlos Lleras Restrepo"). The FCI has diversified its services to integrally support low-income children. For example, through an alliance with the ICBF, the University of Rosario and the

Colsubsidio Health Network set-up nutritional rehabilitation centers in three outlying areas of Bogotá where the nutritional state of the children was critical.

In the early 1990s, demand for services and the complexity of cases surpassed the donations received to carry out FCI's operations. The directors decided to begin serving adult patients to take advantage of existing infrastructure and because the costs were lower than for serving children. Contracts for adult services were signed with the Institute of Social Security (Instituto de Seguros Sociales, or ISS) and the family compensation associations Caprecom and Cajanal. Public resources from the Ministry of Health and the Health Secretariate of Bogotá financed services for children from low-income families and enabled the organization to designate the majority of the donations toward improving infrastructure.

At the end of the 1990s, the difficult political and financial situation the country faced affected the length of time FCI awaited payments and the number of patients who turned to the FCI. Its outstanding credit rose to 11.000 billion pesos, while its debts to suppliers added up to 8 billion pesos and with banks, another 10 billion pesos. Some of the measures the organization adopted were: (i) the reorganization of its short-term loans; (ii) negotiation of a reduction in interest rates and the establishment of a one-year grace period with financial entities; (iii) renegotiation of its debts to suppliers; (iv) improvement of FCI's efficiency and the strengthening of its administrative structure, through the standardizing of medical procedures and improvements in purchasing and billing processes (e.g., FCI suspended services to ISS patients, recovered 7 billion pesos in outstanding loans, concentrated 84% of its activities with private insurers, 7% with prepaid medical services, 5% with private patients and the other 4% with public entities).

Once this crisis had been overcome, of FCI's 1,200 employees, 850 had work contracts (nurses and administration personnel), 180 doctors received salaries that varied according to the services they provided and 200 people were contracted by service companies for food preparation, janitorial, security, and parking services. FCI has 268 beds for children and adults, surgical and coronary intensive care units for adults, pediatric and neonatal intensive care, eight operating rooms, four rooms for hemodynamic (blood flow) monitoring, and 180 doctors with 43 specialties and subspecialties. Service sales rose to 70 billion pesos annually, with operating margins of between 2% and 5%, while its purchases of medical and surgical supplies reached 24 billion pesos.

Private philanthropy has also been an important source of funding for

FCI's social programs as well as for the building of various services. In one of its programs, "Give A Life", FCI has 80,000 donors whose contributions have reached 3 billion pesos per year (US\$ 1.103 million). An important part of FCI's marketing strategy is the creation of consumer loyalty, oriented towards reminding and thanking all of the people who have helped FCI and motivating them to continue donating. For their part, the donation of publicity through distinct means has permitted the successful positioning of the FCI brand.

Another way in which FCI generates funds is by selling cards and other products to companies, both in exhibition rooms set-up for the Christmas holidays and to individuals in stands located in malls and restaurants. With this money FCI has been able to fund, in its majority, the Neonatal Unit and the Pediatric Intensive Care Unit.

HOPE Worldwide Colombia

In 1991, the International Church of Christ created an independent organization with the purpose of developing non-evangelic, non-sectarian programs of humanitarian aid. HOPE Worldwide, located in Philadelphia and initially in three other countries, today has more than 100 projects operating in 150 cities and 85 countries. Its principal base are the volunteers who serve more than 2 million people in projects such as the Worldwide Campaign for the Fight Against AIDS, disaster relief, operations in hospitals and medical centers, services in leper colonies, nutrition programs, and programs for the elderly and orphans. In 1997, HOPE Worldwide Colombia was legally formed and began helping children and adults living on the street, bringing free medical care to extremely impoverished neighborhoods and running massive blood drives. In addition to these projects, HOPE operates a medical center in south east Bogotá, an informal educational center for 50 children who are not in school, a nutritional recovery program

Chart 2. Distribution Percentages of HOPE Worldwide Colombia's Income

Detail	Percentage of total income
Support from HOPE Worldwide (donations and events carried out by the Church of Christ in the United States to sustain HOPE programs in various countries)	34%
Donations from the Church of Christ in Bogotá	9%
Donations from individuals to support academic support programs	9%
Contracts with the Administrative Department of Social Well-being to operate preschools	32%
Donations collected at the medical center	8%
Other (includes donations received at cafeterias, events and sales of assets, particularly furniture sales)	7%
TOTAL	100%

(with assistance from the Colombian Institute for Family Well-being) for 40 children, a youth HIV prevention program that has trained more than 220,000 adolescents in four years, two nursery schools with 180 children under age six, and the organization is working on a worldwide program of volunteerism serving at-risk children and abandoned elderly. Chart 2 shows how HOPE Worldwide Colombia's income is distributed, according to source.

For the 2006 budget, one-third of total expenses were assigned to the medical center, another one-third to the two preschools and 16% to the Programa PrevenSida (AIDS prevention program). This last program encourages students to create a personal prevention plan against AIDS and other sexually-transmitted diseases, framed as a life-long project. PrevenSida has been carried out in four departments of the country during the 2001-2005 period, in response to interest from schools and donors. This year, HOPE will designate resources to various marketing initiatives and fundraising. Although PrevenSida has been defined as a program and operates a campaign, it also sells its services as a tool for assisting the development of sexual and reproductive education content to be used at an institutional level. HOPE seeks to define, market, and sell a commercial product in order to improve the positioning of its own image. The campaign goal is to reach 170 schools by the end of 2007, serving around 119,000 students at a cost of 50 million pesos. By selling PrevenSida events, HOPE Worldwide Colombia hopes to recover at least 50% of its costs, and recover the rest through sales of the product to be determined. The PrevenSida program has already started a training process among eighth graders so that they can serve as guides in the coming years.

BiblioAmigos, Association of Friends of BiblioRed (Asociación de Amigos de la BiblioRed)

Colombia's public libraries have received a big boost in recent years. For example, aid from Japan has financed the construction of 56 new libraries, the Chinese and Mexican governments have contributed physical and information infrastructure for 100 libraries, and the French government has supported an ambitious training plan for Colombian librarians. In the inaugural act of the 7th National Congress of Reading in 2006, the Ministry of Culture emphasized that "we have seen the creation of art schools, community radio stations, museums and cultural centers near public libraries". In particular, he pointed to "the consolidation of the Red de Bibliotecas Públicas de Bogotá (Network of Bogotá Public Libraries, or BiblioRed) and their programs promoting reading, such as "Books Set Sail", which have validated this city's proclamation that it is the "Book Capital of the World 2007".

BiblioAmigos was created in 2001 to collaborate with the BiblioRed. Its mission is to contribute to the permanence of an high-quality public library system in Bogotá and to improve the quality of life of citizens through access to reading, knowledge and culture. In Bogotá, BiblioAmigos works with three large public libraries and has obtained a donation of US\$10 million for a fourth library.

Some of BiblioAmigos central activities are to design academic programs and develop viable positioning policies and citizens' connections to the BiblioRed. For each self-financing strategy, BiblioAmigos has identified its principal strength and weakness:

- **Friends Program:** Enables companies and individuals to connect to the BiblioRed at various levels. Although membership fees constitute 30% of the organization's annual income, the program does not have a public relations strategy that would permit it to create customer loyalty among friends and increase their numbers.
- **Space leasing:** The organization has gained experience in this area and clients are satisfied. Since its creation, the association has earned 800 million pesos from leasing space. The income comprises 30% of BiblioAmigo's annual income, but it is unclear how competitive the organization is in terms of price, technology and services.
- **Projects:** BiblioAmigos has strong connections at the corporate level and this area contributes 30% of its annual income. Throughout its trajectory, BiblioAmigos has earned \$660 million pesos for various projects. One of the problems is that some companies that sponsor projects do not take into account the administrative costs.
- **BiblioAmigos Store:** In addition, to positioning the BiblioAmigos brand through the store, earnings provided 10% of annual income. However, BiblioAmigos has not been successful in reaching all potential client groups for the store.

BiblioAmigos fundraises for BiblioRed and administers the donations. In 2002, BiblioAmigos won the Bill and Melinda Gates Foundation "Access to Learning" award of \$1 million to invest in technology. The organization has obtained donations close to 890 million pesos to be used library collections and equipment.

Return to the Countryside Foundation (Fundación Agroclub El Retorno Al Campo, or Furalcamp)

Furalcamp works in the areas of community development, human rights, education, environment and healthcare. Its founder, Libardo Ariza, notes that "all human beings are like salmon: they go out and travel throughout their whole lives, but when it comes time to die they return to the place where they were born. In the case of the people we

work with, I suspect that what they want it to return to the countryside, to return to their places of origin and establish themselves as farmers."

Since 1985, the Foundation has received dues from its members, with whom they have founded a dozen towns with 1,300 families. According to Libardo Ariza, "I saw that [purchasing land] individually does not work, so I thought that the best thing would be to bring people together through community association businesses and build a culture of small farmers who are micro-entrepreneurs within a large productive farming estate." The organization bought the first two pieces of land with loans granted to Libardo Ariza, loans that were repaid for by the people who then populated the towns. Various agreements were signed with the owners of the farming estates for the purchase and development of subsequent projects. The estate/villages define individual properties where each member can have their house and garden; a community area for agribusiness production; a third area dedicated to recreation and administration; and finally, an environmental protection area.

The principal programs of the Foundation are training programs for active aging, elaboration of agricultural products and the establishment of peace centers in war zones. In 2000, village residents began to sell their products and training programs were begun. Due to public safety problems in the areas where Furalcamp has developed the majority of its projects, the decision was made to remain a neutral organization and not receive assistance or donations from the government.

The beneficiaries of Furalcamp's activities and programs are people of all ages and social backgrounds, with an emphasis on the elderly, pre-retirement and retired persons or people displaced by political violence. For the development of these activities, the Furalcamp has the help of four full-time employees, four part-time employees and 10 volunteers.

Furalcamp's financial situation is unstable, because many of its activities are sporadic. The one constant factor is membership in the villages. Given these circumstances, it has been difficult to cover administrative costs. Even so, the Foundation has been able to increase the quantity, size, quality and diversity of its activities and programs. In the opinion of its director, there are nonprofit organizations for which it is essential to have external help and, in particular, "We're not interested in forming leaders to generate economic wealth; we do not measure their capacity in terms of losses and gains. What we look for is to achieve social profitability, so that what the leader does enhances the well-being of all. The economic benefit comes as well, but it is not essential; the fundamental for us is to achieve quality of life; to be able

to live well and to live well today. When a person has quality of life he or she is capable of generating many other things ... A program of returning to the countryside, like ours, can be done anywhere in the world, because there are elderly people and older people with wisdom in all parts of the world.”

4. Characteristics of Self-financing Activities in Colombia

The nine experiences described above illustrate the diverse size, longevity, growth, area of activity and forms of financing of some of the Colombian nonprofit organizations. In Colombia, nonprofit organizations use all self-financing strategies described by NESsT in earlier research. Chart 3 lists these forms and, based on the origin of their income, describes the ease or difficulties nonprofits have in fulfilling their mission. The strengths or difficulties listed can be observed in the Colombian cases described.

Chart 3. Principal Strengths and Difficulties Related to Types of Income

ACTIVITY	STRENGTHS	DIFFICULTIES
Fees for services	Greater commitment to participating in the process from those offering the service. With a new healthcare system, Profamilia had to transform its focus and administrative systems.	<ul style="list-style-type: none"> - Coverage: pressure to offer services only to those who can pay for them. Price barriers are common. - Loss of autonomy in areas like transparency.
Product Sales	Untied resources can help defray costs not covered by donations (e.g., social marketing in Colsubsidio).	<ul style="list-style-type: none"> - Not necessarily related to the mission objective; among others, diverts resources and may not be covered under tax-exemptions (e.g., some nonprofits dedicated to the protection of children).
Membership Fees	Untied resources can help defray costs not covered by donations. This is one alternative for a community-based organization (e.g., Furalcamp).	<ul style="list-style-type: none"> - Loss of autonomy and objectivity when demonstrating results. - Image of the organization may be affected by the attitudes of its members. -Transparency in confronting these challenges.
Investment Income	Untied resources can help defray costs not covered by donations. Without assets from various joint ventures, some organizations could not have continued to operate (e.g., CGH).	<ul style="list-style-type: none"> - Not necessarily related to the mission objective and may not be covered under tax exemptions. - Image of an organization may be affected by its relationship with other businesses.
Use of "Hard" and "Soft" Assets	Untied resources can help defray costs not covered by donations (e.g., BiblioAmigos).	<ul style="list-style-type: none"> - Not necessarily related to the mission objective and may not be covered under tax exemptions. - Image of an organization may be affected by its relation with those who market its cause.

In addition to these strengths and weaknesses for each activity, the panorama changes when there are combinations of different types of income. In any case, donations play a complementary role and enable an organization to serve populations that require a subsidy to get access to goods and services. Fundraising campaigns are not common in Colombia, although they have increased considerably in recent years. As they become more common, they have influenced what nonprofit organizations have found to be successful methods of carrying them out. The Fundación Cardio-Infantil has used banking databases to find donors and an organization like the Minuto de Dios (Minute of God) have used the infrastructure of ATM machines and supermarket cashiers to collect donations.

A. Cycles with Positive Reinforcement

In each case studied it is possible to observe the three fundamental strategic elements in the nonprofit organizations: a value proposition, an operating capacity and a system of legitimacy and support¹⁴. Many of the strengths in the nonprofits described result from the combination of adequate responses to these three elements and, specifically, the possibilities for success in self-financing activities increase when they are built upon these elements.

Value proposition: When the self-financing activity makes up part of the value proposition of the nonprofit organization, it is possible to reach specialization and noticeable efficiency. FBMM-Cali offers a product that is highly appreciated by those who do not have access to credit from formal banking institutions. The barriers to access that this bank breaks down are not price barriers; many micro-entrepreneurs are willing to pay FBMM-Cali's interest rates because they are much lower than other alternatives. The Bank operates profitably and grows with the business of giving micro-enterprises access to credit.

Operating capacity: Many of the nonprofit organizations that have developed business capacities have obtained the initial capital from a third party to finance their service offering. These funds, which for many years came from diverse sources such as international donors or fiscal taxes in the cases of Profamilia and Colsubsidio, respectively, have permitted the nonprofits to set up an adequate infrastructure and offer services that then help them achieve financial sustainability.

¹⁴ Mark H. Moore, "Managing for Value: Organizational Strategy in for-Profit, Nonprofit, and Governmental Organizations", *Nonprofit and Voluntary Sector Quarterly* 29, No. 1 (2000).

One convincing alternative occurs when a nonprofit organization uses its tested operational capacity to undertake a self-financing activity. The Fundación Cardio-Infantil began by serving children and then took advantage of the opportunity to use their operating capacity to serve adults as well. In doing so, they gained financially because

offering services to adults is much less costly; they applied their expertise in an area where an attractive profit margin existed. Something similar occurred with Profamilia: as specialists in family planning issues, they were able to expand their value proposition to include the area of sexual and reproductive healthcare, where services such as fertility testing offer high profit margins.

In the case of Colsubsidio, its principal motivation was expanding its coverage. A fundamental change in this area of work was moving from thinking in terms of a clinic to thinking in terms of healthcare. This nonprofit learned about hospital management in its pediatric clinic and then added another link to the chain, as a business promoting healthcare, to increase coverage and impact.

Legitimacy and support: The third of the strategic elements, the system of legitimacy and support, also increases the probability of success in self-financing activities. National chapters of international nonprofit organizations start with an advantage because they have a brand and a support network. This is the case of Transparency for Colombia and HOPE Worldwide Colombia. Both organizations received from their headquarters, among other things, technical tools to undertake their tasks.

The reputation of the founder can also be a source of legitimacy and support. This was the case for the Furalcamp, whose primary villages only got off the ground as a result of the personal loans from the founder. And the trajectory of the organization itself consolidated the necessary system of legitimacy and support, among others, for self-financing activities.

B. Absence of Positive Reinforcement

In Colombia, we have seen CSOs that illustrate the two extremes of the spectrum of results with regard to the risk and potential of self-financing activities. On the one hand, there are CSOs for whom these types of activities have not brought the benefits hoped for; on the other hand, there are nonprofits that have been able to grow and significantly increase their impact thanks to self-financing activities that have successfully taken off.

There are various reasons why self-financing activities have not brought the benefits hoped for. In the first place, when it is impossible for the direct beneficiaries of a program to pay for a service, the organization can develop a dependency, in many cases a significant dependency, on indirect clients. For example, a good number of nonprofit organizations dedicated to the protection of early childhood in the country depend on contracting services with the Instituto

Colombiano de Bienestar Familiar (ICBF). The conditions of the contracts and the complexity of the contracting process have been a serious obstacle for the operation of several hundred nonprofits throughout the country. However, these nonprofit organizations have continued to contract with the ICBF because they do not have another source of funding that would permit them to continue their work with the population of young children. To counteract this, in the mid-1990s, the Antonio Restrepo Barco Foundation – in association with the Foundation for Higher Education, UNICEF and the ICBF – formed an alliance to develop, together with nonprofit organizations from the sector, the Self-evaluation, Strengthening and Quality Standards Program (Programa de Autoevaluación, Fortalecimiento y Estándares de Calidad, or PAFEC). Close to 400 organizations participated in the program and their results showed changes, not only internally but also in their relationships with other organizations and, in particular, with the ICBF.

After passing through the PAFEC, some CSOs decided to create the Early Childhood Protection Network (Red de Protección de la Infancia). Working together increased their negotiation power with the ICBF and increased their probability of influencing public policy. These efforts to diminish the dependency on indirect clients have been more successful than the experiences of many nonprofit organizations in the sector who have tried to obtain income from the product sales or event production. The income generated has been minimal. In these experiences, the lack of business experience is one of the reasons why the benefits have not been all they were hoped to be.

C. Opportunities and Challenges

Even some self-financing activities directly related to the mission purpose of nonprofit organizations face diverse challenges. Lower income, or issues regarding their independence or opportunities for intervention all require creative responses on the part of nonprofit organizations, in any part of the world. In Colombia, the demands increase even more, given the constantly changing environment. The following paragraphs will touch on each one of these issues.

Income: The sale of services is an activity that, in some issues like corruption prevention in the case of Transparency for Colombia, makes the actions of NGOs very similar to those activities offered by for-profit consulting companies. However, consulting companies may operate with higher costs because their clients are generally for-profit companies that have the interest and purchasing power to allow them to pay more for the service. For their part, nonprofit organizations have a mission to drive social development in their area of work and

they cannot concentrate on offering services exclusively to those who are able to pay for them. The challenge, then, for these CSOs is offering added value at a cost that is reasonable and accessible to a wide range of the public.

Independence: A second challenge and competitive disadvantage that nonprofit organizations face compared to consulting companies is the need for independence in achieving their business purpose. While consulting companies can adjust strictly to the requirements of their clients, nonprofit organizations have to maintain sufficient independence in order to achieve their mission objectives; as a result, their actions may not be aligned with their clients' interests. Concrete examples of the need for independence are presented in terms of the fight against corruption or impunity and in defense of human rights:

- A consulting company that works with a private company in the construction of its code of ethics sells this service without having to involve itself in an evaluation of the ethical behavior of its client. In turn, an NGO like Transparency for Colombia, whose business purpose is to fight against corruption, requires sufficient independence to sell this type of service to a private company while at the same time retaining the ability to remove itself or denounce unethical actions if it detects such actions during the process of drafting the code.
- The same thing occurs in the public sector. A private company can sell human rights training services to the Army, without evaluating its procedures. A CSO dedicated to defending human rights could offer this same service, but it would require sufficient independence to be able to share its opinion in case it detects human rights violations

The theme of independence affects the sale of services as well as other forms of self-financing such as membership dues, where a great unknown is how to charge fees without being subjected to the private interests of those who are paying and, in the case of donations, how to receive contributions without being used as a screen to improve a donor's image. These are important questions even when services are related to the nonprofit's mission.

Nonprofit organizations have looked for different answers to these questions and among the strategies that have been implemented, by organizations like Transparency for Colombia, are: (i) acceptance of moderate payments that do not compromise the organization in a substantial way; (ii) attracting members representing diverse trends and interest groups that contribute in equal quantities and do not slant the work of the nonprofit to reflect their own interests; (iii) signed documents from donors assuring that their contributions do

not give them power to influence the actions of the CSO or to use its name on activities unconnected to those realized directly by the nonprofit; (iv) the right to membership for a limited time and with the nonprofit holding the absolute authority.

Opportunity: Despite the difficulties previously described, membership dues offer nonprofits the possibility to obtain "fresh resources" to respond to unanticipated situations. A nonprofit organization that fights against impunity, as is the Colombian case of the Corporación Excelencia en la Justicia, has to make reports or follow-up on cases of impunity the instant they are detected and they do not always have donors or clients willing to pay for that. The majority of donors manage long and strict selection processes that do not permit nonprofit organizations to take timely action on situation-driven matters. In general, donations are used for the execution of medium and long-term projects and do not allow for quick responses to immediate situations. This characteristic of donations which in some cases allows organizations to think in the long term, also poses difficulties since the established methods of donors do not always coincide with the needs or contexts of beneficiary communities.

Adaptability: Although CSOs like Profamilia have been effective over more than four decades in remaining financially sustainable in order to achieve their social objectives, changes in the environment oblige them to search for new outcomes. The major reform of the national healthcare system which occurred with Law 100 in 1993 changed the organization. In the last decade certain products, such as those related to fertility, have entered the market at very high prices which are unaffordable for many. Profamilia has converted these products into sources of income by selling them to more affluent clients, which enables the organization to subsidize and continue serving low-income populations. The objective has been to convert these programs into sources of income that will permit Profamilia to subsidize and continue serving low-income citizens.

5. Lessons Learned

Larger nonprofit organizations have been successful at offering products and services to those who need them, regardless of their ability to pay. In those cases where beneficiaries are unable to pay, the organizations have looked for third-party financing or a method of payment different from cash or a single payment. This has been a priority for these organizations. Similar to market segmentation, some CSOs have expanded their portfolios of products and services to satisfy different needs.

The implementation of cross-subsidies has been fundamental to offering services that contribute to the mission, but which on principle are not financially profitable. Despite the use of subsidies, some of these organizations will achieve financial sustainability over time. Other measures taken toward financial sustainability include cost-reduction and adjusting the size of an operation to an environment that demands greater efficiency.

Among the efforts to achieve financial sustainability, the strategy of carrying out self-financing activities has been common among Colombian nonprofits for some decades. In the cases studied, there are various examples of organizations that have amplified their social impact because they have been able to include self-financing activities in their value propositions, make use of their operating capacity to develop them, and have a system that provides them with legitimacy and support. When nonprofit organizations combine these three elements, they increase the probability of success of their self-financing activities.

When nonprofit organizations are not able to manage or align these three elements, they are confronted by challenges to self-financing. However, they are also confronted with challenges that are related to the levels and opportunities for income that they are able to generate and access, as well as dependency on external sources of funding which often don't allow them the flexibility needed to respond to immediate needs. The ultimate survival of CSOs has to do with the way that they confront and manage these challenges.

Challenges also arise due to the amount and opportunity for income and the independence and flexibility that nonprofit organizations need to fulfill their missions. The survival of these organizations depends on the manner in which they confront these challenges.

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APPENDICES

Appendix 1. Various Legal Forms Adopted by Nonprofit Organizations in Colombia

ECONOMIC SOLIDARITY SYSTEM	SYSTEM OF DEVELOPMENT SOLIDARITY ORGANIZATIONS
<ol style="list-style-type: none"> 1. Cooperatives, federations and confederations, and pre-cooperatives; 2. Auxiliary institutions of the cooperative movement; 3. Civic organizations; 4. Mutual associations; 5. Public housing organizations; 6. Community-run companies (co-ops); 7. Healthcare solidarity companies; 8. Nonprofit organizations or economic solidarity organizations formed by parents or educators; 9. Business commissions of the Juntas de Accion Comunal (Community Action Councils, or JAC). 	<ol style="list-style-type: none"> 1. Privately-held, nonprofit legal entities; 2. Pensioner guild associations; 3. Volunteer or official firefighter brigades; 4. Volunteer groups; 5. The associations or organizations of families whose legal purpose is development through the system of self-construction of housing and public interest programs; 6. Associations of joint owners, joint lessees, lessees of shared property and neighbors (this is different from "horizontal" property associations, which are similar to condominiums); 7. Environmental entities; 8. Institutions of higher education; 9. Institutions of formal and informal education; 10. Nonprofit legal entities that offer private security services; 11. Nonprofit organizations in the healthcare sector; 12. Collectively managed societies of royalties and copyrights; 13. Associations, corporations, foundations for public use: (guilds, charities, professional, youth, social, democratic and participatory,, civil and community, alumni, social rehabilitation and indigent assistance, social clubs); 14. Scientific, technological, cultural and research entities; 15. Entities whose purpose is to develop public housing; plans and programs; 16. Parent or family associations; 17. Associations of educational institutions; 18. Associations of commercial fish-farming; 19. Entities with scientific, technological, cultural, research, and recreational purposes; 20. Public benefit institutions that offer well-being services; 21. Associations of educational institutions; 22. Economic solidarity associations or entities; 23. Associations of indigenous local councils; 24. Entities that form part of the national sports system. Leagues and sports associations, federations; 25. Corporations, associations and foundations created to advance activities in indigenous communities; 26. Community Action Councils.

Source: DANSOCIAL

Appendix 2. List of Recent Regulations Governing the Self-Financing Activities of Nonprofit Organizations in Colombia

- " Decree 352/2002: from the Bogotá's mayor's office.
- " Decree 1798/2003: by which the structure of the National Administrative Department of Economic Solidarity (Dansocial) is modified, and other clauses are enacted.
- " Decree 537/2004: by which Article 58 of Law 863 of 2003 is regulated.
- " Decree 540/2004: by which Article 96 of Law 788 of 2002 is regulated, related to donations.
- " Decree 4400/2004: by which Article 19 and Title VI, Book I of the Tax Statute referring to the Special Tax Regime is regulated, and other clauses are enacted.
- " Decree 640/2005: by which Decree 4400 of 2004 is modified.
- " Law 788/2002: by which tax and criminal norms are issued.
- " Law 863/2003: Regulation of the Single Taxpayer Number (Registro Único Tributario, or RUT).
- " Law 1014/2006: regarding the promotion of entrepreneurial culture.

Appendix 3. Investments in the International Strategic Cooperation Areas (US\$)

Issue	Resources in US\$		Totals in US\$
	National	International	
Forests	74,237,310	67,627,394	141,864,704
Reincorporation into society	77,160,218	143,025,736	220,185,954
Productive and alternative development	96,460,556	142,785,801	239,246,357
Strengthening the state of social law and human rights	246,106,544	107,028,633	353,135,177
Regional peace and development programs	15,053,941	22,522,509	37,576,450
Forced displacement and humanitarian aid	29,493,372	137,886,405	167,379,477
Total	538,511,941	620,876,478	1,159,388,419

Source: Colombian International Cooperation Strategy , February 2005

Within the strategic areas there are diverse opportunities for self-financing activities. For example:

(1) The forests area is written into the National Plan of Forest Development, which is integrated through the support of associated schemes and products for rural development;

Bosques	National	International	Total
Forest Ranger Family Program	5,407,490	18,307,902	23,778,392
Maintenance, restoration and conservation of forest ecosystems	2,190,000	8,660,000	10,850,00
Development of productive forestry chains	65,969,820	37,466,492	10,436,312
Institutional development	670,000	3,130,000	3,800,000
Total	74,237,310	67,627,394	141,864,704

Source: Colombian International Cooperation Strategy, February 2005

(2) In the area of development of productive and alternative crops, the Program of Alternative Development assists existing and new nonprofits that promote these types of projects;

Productive and alternative development	National	International	Total
Support for micro, small and medium businesses	10,340,499	48,224,000	58,564,499
Production in the alternative development framework	85,308,057	83,461,801	168,769,858
Business development	812,000	11,100,000	11,912,000
Total	96,460,556	142,785,801	239,246,357

Source: Colombian International Cooperation Strategy, February 2005

(3) In the area of reincorporation into society, there is a wide range of self-financing strategies for groups that reintegrate into society with the goal of generating "productive employment for peace".

Appendix 3. Investments in areas...

Reincorporation into society	National	International	Total
Recruitment prevention	5,617,450	2,443,854	8,061,304
Individual and collective psychosocial attention	1,150,000	5,850,000	7,000,000
Individual and group reincorporation	65,197,768	124,946,882	190,144,650
Institutional recovery in communities affected by violence	4,400,000	8,800,000	13,200,000
Institutional strengthening	795,000	985,000	1,780,000
Total	77,160,218	143,025,736	220,185,954

Source: Colombian International Cooperation Strategy, February 2005

Appendix 4. Information on Support for CSO Self-financing Activities Provided by Four Entrepreneurial Foundations

1. What role do you believe the support/donor organizations can and should play in assisting Colombian nonprofit organizations to diversify their sources of self-financing? In your experience, have these organizations been filling this role as of late?	
Saldarriaga Concha Foundation	It is important that second-tier organizations in Colombia first have a clear understanding about what it is that they do. On the one hand, a donor institution is different than a support institution, that is to say, having money to donate is different from knowing what to do with that money. There are very few true support organizations in Colombia, understood to be second-tier entities that possess a macro vision of social issues and dedicate themselves exclusively to supporting nonprofits in operation, or first-tier. If there are state-owned entities fulfilling this role, at governing and municipal levels, they should be accompanied in their activities by a second-tier nonprofit organization.
Let's Share with Colombia Corporation	The role that Let's Share with Colombia plays is to offer institutional strengthening of the highest professional level to nonprofit organizations; this is the manner we believe most helps the self-financing abilities of nonprofit organizations. All the nonprofit organizations where Compartamos gives institutional support are looking to achieve self-sustainability; in fact, Compartamos guarantees a minimum of 60% self-sustainability for the organizations where it has given support.
Social Foundation	Since 1917, our founder, Father Campoamor, was sure of the need for worker's savings accounts and to have profitable, socially-oriented projects. From this the Círculo de Obreros (Circle of Workers) was formed, and the Caja Social de Ahorros also, where the clients are the poorest of the poor. The two principal objectives that the Foundation supports are: human rights and peace, and local integrated development in poor communities with potential. Today, all profits of the companies go to the Foundation. The Foundation hopes that its projects will be established and then become self-sustaining, seeking to overcome the structural causes of poverty.
Corona Foundation	For us, above all it is essential to identify markets to create sources of financing for nonprofits through business processes. We consider it strategic to identify and work through the entire production chain, especially in nonprofit organizations from the rural sector.
2. Does your organization offer grants (resources for a program or project) that are focused on helping the entrepreneurship/self-financing of nonprofit organizations? If the answer is yes, please describe.	
Saldarriaga Concha Foundation	We do not have competitions to award grants. We work with needs identified by the nonprofits.
Let's Share with Colombia Corporation	"Conexión Colombia" and "Give To Colombia" channel the resources from individuals and large, foreign foundations. Give To Colombia is the only one able to give tax deduction certificates for donor organizations from the United States for donations made to nonprofits in Colombia.
Social Foundation	We have a prize for micro-entrepreneurs but we do not have a competition to award grants. We work on projects and programs.
Corona Foundation	We do not have competitions to award grants. We work for the needs of the company and for community projects with business potential.

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3. As a representative of a support/donor organization, how do you balance investing in the long-term financial sustainability of a nonprofit organization with creating dependency in the nonprofit on your support/donation?	
Saldarriaga Concha Foundation	Conscious of the existence of nonprofit organizations with little possibilities of being self-sustaining, we are situated on a second-tier, accepting the dependency of the nonprofits on our support. Our objective is to offer tools to the nonprofits, so that in the long term they can continue on without the need for our support. Except for our own Fundación Saldarriaga Concha, it has not yet been possible to achieve this objective in any of the nonprofits we support.
Let's Share with Colombia Corporation	Compartamos gives institutional support within the nonprofit organization which thereby supports the self-sustainability of the organization. Then these organizations can pass on to Conexión Colombia and Give to Colombia, knowing that they will receive resources complementary to their self-financing, for example resources to sponsor more children or make improvements. It is always the organization itself that should generate its self-financing, we give them tools to do that and we do not give them money.
Social Foundation	We invest in projects of nonprofit organizations (social and productive) with potential, in such a way that the projects should be able to become self-sustainable and good businesses.
Corona Foundation	In our experience of business mentoring to nonprofit organizations, we have seen that it is not easy to leave them on their own. For sustainability and autonomy, it is fundamental that we support business programs that are spontaneously generated and that do not consist of supporting a nonprofit to make a business that does not come from itself, its own desire. For example, in the case of cooperatives, we are certified by Dansocial, which has trained and supported us in the formation of cooperatives. There we have seen that it is necessary to give mentoring in how the market works, as it is the only form of access to resources.
4. What is your vision as a support/donor organization on the use of commercial/business activities by nonprofit organizations to generate self-financing?	
Saldarriaga Concha Foundation	We are not in agreement that nonprofits organizations should do both things: try to fulfill their specific mission and try to generate resources that permit them to be self-sustaining.
Let's Share with Colombia Corporation	We absolutely believe in the commercial activities of nonprofits, especially those that are aligned with their mission.
Social Foundation	We are in total agreement. In fact, our programs are oriented more and more towards supporting this type of activity, in nonprofits as well as in low-income individuals.
Corona Foundation	That is what our mission is about.
5. What implications, if any, do you believe there are in nonprofit organizations having commercial/business activities aligned or not aligned with their mission?	
Saldarriaga Concha Foundation	A disconnection between the social purpose and the search for financial sustainability is present whether or not the two are aligned. For example, in the case of healthcare, organizations leave their mission aside the more they worry about competitiveness.

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Let's Share with Colombia Corporation	When we identify commercial areas that lessen the social impact of a nonprofit, we recommend that the nonprofit concentrate on generating income based on the programs with the greatest social impact.
Social Foundation	The implications in either case, as long as the principal mission of the nonprofit is not lost sight of, are positive. An example is Social Foundation.
Corona Foundation	As long as the solidarity mentality persists in the nonprofit organization, the implications are positive
6. Should (and if so, why) support/donors organizations promote entrepreneurialism in nonprofits in Colombia? What aspects of entrepreneurialism should be supported by donors and what aspects should not be? In what way should support/donations be given to nonprofits?	
Saldarriaga Concha Foundation	Yes, they should. Principally supporting the direction and the analysis of the nonprofits, strengthening their social mission, understanding entrepreneurship as a complementary part of this and not as a parallel end.
Let's Share with Colombia Corporation	Compartamos con Colombia supports social-enterprise entrepreneurship, but for us the social and the entrepreneurial go hand in hand within the focus on corporate social responsibility. Not all organizations should dedicate themselves to promoting entrepreneurialism; but we should consolidate efforts among Compartamos, the Universidad de los Andes, Acción Social and the government in general.
Social Foundation	Yes, they should support with financial, human, and technical resources the principal actions of the nonprofit organizations that have the potential to be profitable. We believe that the concepts of trusts and micro-credits are effective and sustainable.
Corona Foundation	Yes, they should, principally through training and mentoring, but in no case by donating 100% [of needed funds]. At the end, as part of the recognition of the nonprofit's efforts, they may cancel the debt or part of the debt of the nonprofit.
7. Has your organization directly invested in an economic/commercial activity of a nonprofit organization? In what way? What was the result? Will your organization continue supporting these types of initiatives?	
Saldarriaga Concha Foundation	The organization suggests working in alignment with National Planning programs, as it considers that projects isolated from national priorities are not the solution and generate liabilities for nonprofits.
Let's Share with Colombia Corporation	Compartamos does not invest money in any organization. Compartamos launches the program "Inversor" (social investment) oriented towards obtaining investors for financially profitable projects in social organizations focusing on a vulnerable population (principally in productive agribusiness projects), trying to articulate public-private alliances (between companies, municipal authorities and community organizations). "Inversor" is supported by funds channeled through OIM and it is promoting awareness in the business sector at the highest levels. At the moment it is developing two pilot projects: one with cocoa in Jagua de Ibérico with displaced families and the other with aloe vera with women in Santander. The conditions and partners of different sectors vary widely based on the region. At the same time, the Ventures Competition (Concurso Ventures) opened a new category for social projects that are profitable.

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Social Foundation	The organization has invested in the economic activities of nonprofits that are their providers, for example in the case of SERVIR, of a recreation center where all of the families of the employees of the Fundación are members. Although SERVIR has not been as sustainable as was hoped, the Foundation has created strategies to maintain it, like giving a vacation period per year as a present to the families of the employees.
Corona Foundation	We have had investment experiences with cooperatives, but these have been within the framework of specific projects in alliance with other organizations and have not been a constant area of the Foundation.
8. What do you believe the role of support/donor organizations might be to help nonprofit organizations build capacity in business planning and administrative tools? What has your organization done up until now (if anything) to support these efforts? Would you consider cooperating jointly with other support/donor organizations to advance these types of activities?	
Saldarriaga Concha Foundation	The generation of models, such as for example in our case a strategic planning development model for nonprofits, is a very important component that can contribute to second-tier entities. In that respect, we have established links with other nonprofit organizations to share models, like the one previously mentioned.
Let's Share with Colombia Corporation	We have a great alliance with other organizations to work on entrepreneurship surrounding projects: in the Ventures Competition we participate with Ashoka, McKinsey & Company, Revista Dinero, Fidubogotá, Diario Portafolio; we participate in all of the Young Colombia (Colombia Joven) forums, which operate all the initiatives for youth entrepreneurship in the District. We also have alliances with companies like, for example, Parquesoft.
Social Foundation	In the project supporting a community of palm tree harvesters in Magdalena Medio, as well as in the microfinance program, Creemos, direct mentoring of the programs' beneficiaries has been given in the area of administrative operations. In the case of the program Creemos, the support included opening and administration of a bank account, and imparting basic accounting, tax, and general administration knowledge. In the majority of the cases, like those mentioned previously, the Fundación works with national and international partners.
Corona Foundation	Our training processes are designed towards business planning and the development of administrative tools. We have had and we currently have many alliances with public, private and nonprofit organizations, as well as with organisms of international cooperation. For example, with the IDB we developed department Youth with Business, which we hope to replicate on a national level in public programs of support for the entrepreneur and in universities. In Bogotá we are working with the District and with other organizations to direct the organizations towards the market, in this sense we are committing companies to help us improve processes in social entrepreneurship, to better respond to the market.
9. In Latin America, there is a great need among nonprofit organizations for seed funds to finance entrepreneurial activities, which financial organizations are not usually willing to lend. What is the role that donors should or could play to meet this need? Do you think your organization would consider collaborating with other donors to provide these types of funds?	
Saldarriaga Concha Foundation	Yes, I'm convinced of this.

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Corporación Compartamos con Colombia	We do not have seed capital or microcredit funds. In the competitions there are some funds available for the winning organizations. Within the organizations that we support, there are some that operate areas like microcredit and we also direct some of the funds of nonprofits that we support; for example, the finalists of Ventures automatically convert into beneficiaries of the Fondo Emprender.
Social Foundation	Through the program Creemos, the Fundación Social created a microfinance area, oriented towards shopkeepers and craftsmen, some associated with nonprofits. For this purpose, the financial entities of the Fundación were trained in operating microcredits. Today there are 8,000 microcredits that demonstrate the excellent results, and the Fundación is thinking of continuing and expanding this investment. Through programs like Creemos we have found methods to support entrepreneurialism, despite the rigid regulation and risk policies in the banking sector of Colombia. The Fundación covers 13% of the microcredit market. The UN is thinking of taking this mentoring model to the palm heart producers in Putumayo. We share with other banks when possible, but we do not give them our internal way of doing this.
Fundación Corona	We have manager to obtain the support of some organizations of the banking sector to obtain credits for the social entrepreneurs that accompany us. We think that the best possibility is to obtain business clients for the communities, in other words, market through the companies that can contract services or purchase the communities' products, for which we work taking into account the needs of the companies and strengthening the offers from the communities. The Fundación Carvajal has helped us learn about the market through the chain.
10. Please describe your organization's main selection criteria for supporting a nonprofit organization.	
Saldarriaga Concha Foundation	The principal criteria is its general impact on education, as education is necessary before all work, and includes work for a worthy employment.
Let's Share with Colombia Corporation	Our selection criteria is that the nonprofit has a model that can be replicated, high social impact and a high level of assimilation of the professional support that we provide them through member firms of Let's Share with Colombia.
Social Foundation	We like to see that organizations have productive projects framed within our two areas of development: human rights and peace, and local integral development in poor communities with business potential.
Corona Foundation	The principal criteria is interest in developing a business or, better yet, that the nonprofits are developing business and require training and mentoring to advance.
11. Within the scheme of nonprofit organizations, what value do base communities, rural or urban, represent for you -- communities such as cooperatives, productive associations, community action assemblies, indigenous councils -- that have productive activities which offer high-quality goods and services? Are you currently supporting or planning to support an organization of this type? In what way?	
Saldarriaga Concha Foundation	They represent a very high value but we do not work directly with the base community. It is proposed that the front work done will make it to the community through the strengthening of the nonprofits that work with it. It is much more useful to look for a way to influence a senator, an advisor, or a government for the benefit of a larger number of base communities.

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Let's Share with Colombia Corporation	We connect with base organizations through the nonprofit organizations we support. Our mission is to directly strengthen the best nonprofit organizations in the social sector, which can in turn strengthen many through what we give them by way of support. In the case of organizations in the rural sector, we support, for example, the Hogares Juveniles Campesinos (peasant youth homes), which have a presence in 85 municipalities, supporting productive projects with young peasants. We can arrive to give support directly to these organizations through the training in Ventures, when these types of organizations sign up for the contest and come to the training sessions.
Social Foundation	For example in the case of associations of palm tree producers of Magdalena Medio, the Fundación Social played the part of companion and trustee, through its bank Caja Social, of resources contributed by Bancoldex and with the support in the countryside of the Programas de Desarrollo y Paz of Magdalena Medio, that made the necessary agreements for the sale under free trade parameters; today 80% of the portfolio has been recovered. The two cooperatives of palm cultivators, ASOPEPA and COPATICO, are organizations formed by 500 families in high violence zones. Within the support of the Fundación, there are personnel in the countryside supporting the adequate administration of resources on the part of the cooperatives. Today the families linked to the project have tripled their monthly incomes and have diversified their sources of income. All the participants today are clients of the bank and therefore beneficiaries of credit.
Corona Foundation	We operate programs with nonprofits in rural areas close to Bogotá. We currently support, in a business sense, the organization Ecorreal, supporting the organic certification of their products, and a horticulture community in Ubaque.