

## Chapter II

### Earth Charter Financial Report, 2000-2005

Prepared by Mirian Vilela with assistance from Rick Clugston

#### **A) The Secretariat's Budget and Financial Situation**

The Secretariat requires approximately US\$10,500 per month - about US\$126,000/year - to maintain minimal operations (with three full time staff members). Its operating expenses for 2003 amounted to \$117,000 and US\$164,943 for 2004. It benefits from office space and administrative support provided by the University for Peace, which significantly helps in reducing the funding required.

The summary of the income and expenditures from 2001 to 2005 are presented in the following table (Note: for 2005 the statement from 1 January through 15 June only).

## Financial Statement - Earth Charter Secretariat

Statement of income and expenditures  
for the years ended 31 October 2001, 2002, 2003, 2004 and June 15, 2005

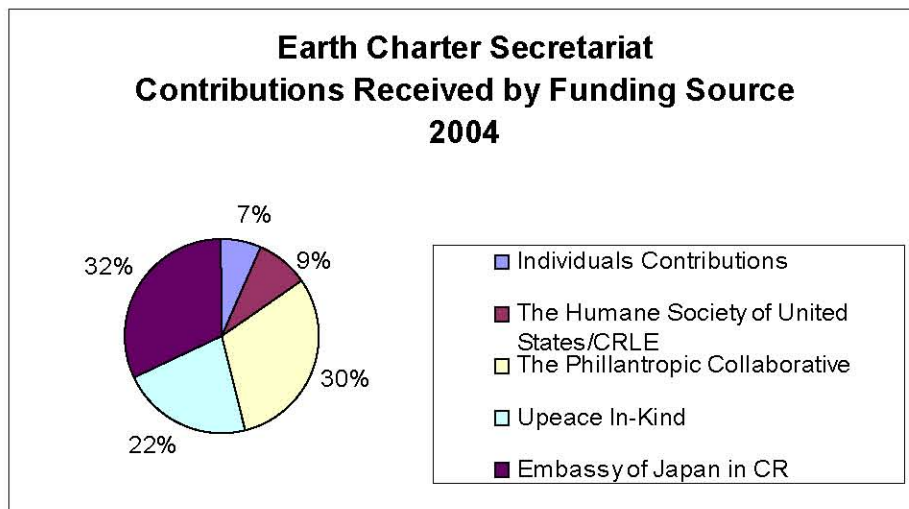
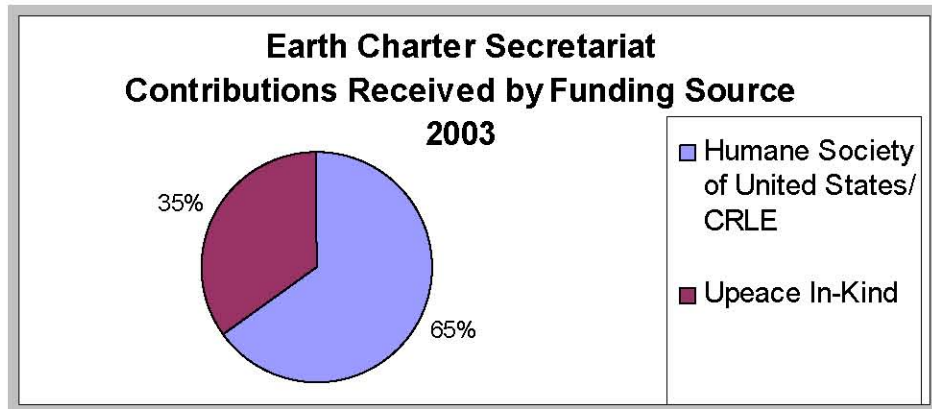
|                           | <b>2001</b>       | <b>2002</b>       | <b>2003</b>       | <b>2004</b>       | <b>2005</b>       |
|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Income</b>             |                   |                   |                   |                   |                   |
| Balance from prior period | 47,081.33         | 12,816.48         | 6,902.91          | (704.63)          | 52,994.19         |
| Income from donors        | 152,635.00        | 110,000.00        | 110,000.00        | 218,642.28        | 70,120.00         |
|                           | <b>199,716.33</b> | <b>122,816.48</b> | <b>116,902.91</b> | <b>217,937.65</b> | <b>123,114.19</b> |
| <b>Expenditures</b>       |                   |                   |                   |                   |                   |
| Salary                    | 82,286.66         | 72,580.88         | 94,370.89         | 107,847.07        | 46,428.98         |
| Travel                    | 4,447.57          | 11,244.96         | 12,481.10         | 3,851.46          | 1,072.54          |
| Consultants/Seed Money    | 23,780.00         | 10,414.00         | 2,308.79          | -                 | 1,150.00          |
| Meetings/ Workshops       | 42,178.64         | -                 | -                 | 7,516.61          | 7,344.57          |
| Translations and Printing | 19,349.13         | 11,907.18         | 3,168.40          | 43,311.00         | 47,175.00         |
| Stationery                | 195.98            | 4,423.05          | 2,305.95          | 182.68            | 304.05            |
| Maintenance               | -                 | -                 | -                 | -                 | 370.00            |
| Communications            | 11,582.57         | 5,046.37          | 2,444.32          | 1,111.48          | 1,073.19          |
| Miscellaneous             | 3,079.30          | 297.13            | 528.09            |                   | 261.30            |
| Purchases                 | -                 | -                 | -                 | 1,123.16          | 1,095.00          |
| Financial Expenses        | -                 | -                 | -                 | -                 | 45.00             |
| Security Services         | -                 | -                 | -                 | -                 | 2,300.18          |
|                           | <b>186,899.85</b> | <b>115,913.57</b> | <b>117,607.54</b> | <b>164,943.46</b> | <b>108,619.81</b> |
| <b>BALANCE</b>            | <b>12,816.48</b>  | <b>6,902.91</b>   | <b>(704.63)</b>   | <b>52,994.19</b>  | <b>14,494.38</b>  |

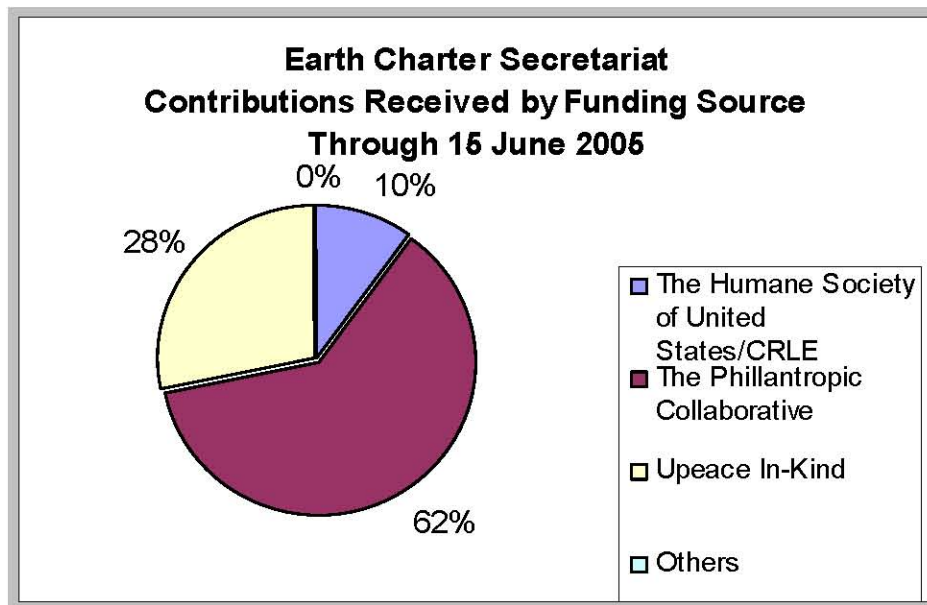
### Contributions to the Earth Charter Secretariat 1994-2005

|         |   |         |
|---------|---|---------|
| 1994-96 | Dutch Government (general support)  | 742,108 |
| 1997-98 | Earth Council (general support)   | 71,307  |
| 1997    | Canadian Embassy (special meeting, Children in Costa Rica)                    | 3,406   |
| 1998-99 | Earth Council (Secretariat & area managers)                                   | 104,165 |
|         | Swiss Embassy/Costa Rica (educator's meeting, Costa Rica)                     | 9,000   |
|         | Rockefeller Brothers Fund (Secretariat and National Committees)               | 129,500 |
|         | Dutch Government (Earth Charter Continental Conference of the Americas)       | 6,000   |
|         | Dutch Government (Secretariat and Tilburg Office)                             | 55,000  |
|         | TPC/Earth Charter Fund (Earth Charter Continental Conference of the Americas) | 15,000  |
| 1999    | TPC/ Earth Charter Fund (Secretariat)   | 30,000  |
|         | Fetzer Institute (training meeting)   | 12,000  |
|         | TPC/Earth Charter Fund (African Regional Consultation, Cape Town)             | 30,000  |
|         | Dutch Government (Secretariat and Tilburg Office)                             | 55,000  |
|         | Center for Respect of Life and Environment/ HSUS (GCI Activities)             | 30,000  |
| 2000    | TPC/Earth Charter Fund (National Committees seed fund)                        | 50,000  |
|         | CRLE/HSUS (Secretariat)   | 20,000  |
|         | CRLE/HSUS (Earth Charter Commission meeting, Paris)                           | 70,000  |
|         | CRLE/HSUS (The Hague Launch)  | 35,362  |
|         | Soka Gakkai, Inc. (General support/education and youth)                       | 55,447  |
|         | TPC/Earth Charter Fund (Earth Charter Commentary and media)                   | 32,135  |
|         | CRLE/HSUS (public relations and communication programme)                      | 77,000  |
| 2001    | The Philanthropic Collaborative/Earth Charter Fund                            | 135,000 |
|         | CRLE/HSUS   | 17,635  |
| 2002    | The Philanthropic Collaborative/Earth Charter Fund                            | 40,000  |
|         | CRLE/HSUS   | 70,000  |
| 2003    | CRLE/HSUS   | 70,000  |
| 2004    | NCDO  | 3,387   |
|         | GENERAL CONTRIBUTIONS - Various Individual Gifts                              | 17,525  |
|         | Center of Humans and Nature   | 2,985   |
|         | The Humane Society of United States/CRLE                                      | 24,580  |
|         | The Philanthropic Collaborative/Earth Charter Fund                            | 50,000  |
|         | The Philanthropic Collaborative/Earth Charter Fund                            | 20,000  |
|         | The Philanthropic Collaborative/Earth Charter Fund (IUCN)                     | 14,985  |
|         | Embassy of Japan in CR  | 90,000  |
| 2005    | The Humane Society of United States/CRLE                                      | 10,000  |
|         | The Philanthropic Collaborative/Earth Charter Fund                            | 60,000  |
|         | Others  | 135     |

**TOTAL** 2,258,662.17

Over the years contributions received by source of funding have been the following:





#### **B) Financial reality - Secretariat versus Initiative**

Given the nature of the Earth Charter Initiative movement, in which many organizations contribute significantly to advancing the Initiative's objectives, financially accounting for all of this would considerably increase the total yearly expenditure of the Initiative. For instance the EarthCAT Project managed by the World Resources Institute and Global Community Initiatives represents a significant financial contribution to the Initiative, but it is not reflected in this financial statement because the funds did not come through the Secretariat. Similarly, other contributions are not reflected in the financial statement. Some examples are:

- a) all the Earth Charter brochures printed and mailed from the USA;
- b) the Earth Charter exhibition produced by Soka Gakkai International;
- c) the Earth Charter Local Communities Initiative led by Jan Roberts; and
- d) all the funds generated by NCDO, Plan Netherlands and KIT Publishers to organize the Earth Charter+5 and the Earth Charter in Action Book.

This means that the Financial Statement of the Secretariat only offers a partial view of the Initiative's "real" budget.

The University for Peace is the only in-kind contribution included above because these are contributions that can easily be accounted for by the Secretariat. This in-kind contribution helps to make the Secretariat's operating expenses relatively small. As seen in the above pie charts, the University for Peace contribution to the Secretariat of office space, computer and website technical support, and general administrative and finance support is evaluated to be approximately US\$60,000.

## **C) Fundraising Efforts**

### **Overview since 2000**

In the year 2000, the Earth Charter was launched and the new phase of the Initiative began following extensive discussions about priorities and programmes. A general fundraising proposal was developed following the mandate set by the Steering Committee as well as their inputs. It was determined that the Initiative should be working on various fields: Local and National Governments, Faith Groups, Media, Education and Business Sector. This proposal did not set out specific deliverables but sought general support for the Secretariat. The feedback received from this first attempt was that the proposal was too general, i.e. too unspecific about actual outcomes.

In 2001, efforts concentrated on a funding proposal on the Earth Charter Education Programme, responding to the need to have a more specific approach. A few donors were approached, but again there was no positive feedback. In retrospect, these early proposals were more strategic planning priority setting documents.

In the early stage of this process Rick Clugston was given the task of helping fundraise for the Initiative and was designated as the Chair of the Fundraising Committee. The original idea was to set up a fundraising committee with commission members and other individuals. However little interest was shown among members and the committee was actually never put in place, though a variety of individuals offered their advice.

Also between 1999 and early 2001, Ruder Finn, a US based public relations company, joined the effort as a highly successful public relations firm and fundraising organization. Originally they were going to assist a) raising the profile of the Earth Charter; and b) in fundraising. An initial attempt was a dinner that took place at the Earth Charter launch but did not generate concrete financial outcome. There was an understanding that they would work pro-bono, but it did not work out this way. Once the Earth Charter was launched, Ruder Finn did not continue assisting the Initiative. It seems that it was difficult for them to articulate the Earth Charter message in a way that members of the Steering Committee would feel comfortable with, and there were differences as to whether business corporations should be approached for offering financial support.

### **Fundraising Efforts since September 2003**

In the framework of the Johannesburg Summit, an Earth Charter Type II partnership was launched and a funding proposal was developed addressing the needs to implement such partnership. At this stage a request for financial contributions was added to the Earth Charter website.

#### *1. Approaching Donors/Foundations*

Between 2003 and 2004, the Secretariat has approached nine donors and received one positive feedback, which was from the Japanese Embassy in Costa Rica. The funds from

the Japanese Embassy were for a specific project to develop educational materials in Costa Rica and unfortunately could not cover any operating costs of the Secretariat.

Donors approached (feedback received)

- Mott Foundation
- Compton Foundation
- MacArthur Foundation
- Mitsubishi Foundation
- Dutch Lottery
- Ford Foundation
- Chevron/Texaco Foundation
- Alcan Prize for Sustainability
- Japan Embassy
- CR-USA Foundation (Costa Rica)

Donors approached from whom we await feedback:

- UNESCO (3 options of proposals submitted)
- Swedish Government (we approached with an initial letter of inquiry)
- IBM Foundation
- Citigroup Costa Rica
- Avena Foundation (are not making grants this year)
- Horizon Organic Holding Company

A number of reasons could be highlighted to explain this “uphill battle”:

a) The donor community is giving less money (due to stock-market decline) and there has been an increase in the number of applications received. Therefore the fundraising process has become more competitive than ever.

b) Foundations generally have extremely restricted Programme areas and requirements to which it has been difficult to adapt the Earth Charter programmes.

c) Foundations require more and more measurable and concrete outcomes;

d) Many foundations focus mostly on USA projects; others don't accept unsolicited proposals and many others give grants too small (such as \$15,000) in comparison with the work proposal writing requires.

e) The Secretariat has not been able to tailor the proposals to fit specific foundation requirements or to present the Earth Charter Initiative message in a more compelling way (it has often been perceived as distribution of brochures and idealistic vision without practical grounding).

f) Earth Charter in action activities is relatively new and it is taking time to develop a track record of concrete accomplishments.

## 2. Approaching Individuals

Between April and June 2004 friends of the Earth Charter have been approached with a special request to support the Secretariat with a personal financial contribution and to help find alternatives to fundraise. Many relatively small donations were received. The Secretariat is working on a similar effort for 2005 in order to raise the necessary funds to keep its operations until the end of the year.

### **D) Looking ahead on the Fundraising Strategy**

There are different funding avenues the Secretariat could target as per list below.

1. Foundations (US/Europe)
2. Individuals donors (through e-mail; phone calls; website)
3. Organizations that have endorsed the Charter
4. Corporations
5. Governments (and their development arms)
6. Revenue generating activities
7. Affiliate/membership Fees
8. Fundraising dinners

This assessment process needs to identify which of these activities are most promising and how to enlist key individuals to help approach the different potential supporters.

#### *Revenue Generating Activities*

The Secretariat started to consider the possibility of undertaking some Revenue Generating Activities. Over the years, the concept and practice of non-profit organizations having some revenue-generating activities to supplement financial contributions is becoming a more acceptable practice. The Secretariat could consider:

1. Offering courses / presentations or training on the Earth Charter but charge for it.
2. Receiving a percentage from the sale of Earth Charter music CDs (“Pour La Terre”)
3. Developing a workshop for corporate executives on ‘*Private sector working towards sustainability*’
4. Developing an Online course targeting secondary school teachers: ‘*Teaching Universal Values: Educating for a Sustainable World*’



## **Dealing with Earth Charter Supporters/friends**

Many organizations (Earth Charter Focal Points) may be able to fundraise for their Earth Charter activities using the Earth Charter logo. We should consider the feasibility of setting up a system by which different groups, raising money under the Earth Charter logo, contribute a percentage to the Secretariat as an 'Affiliate contribution'.

### **Considerations**

When looking for alternatives for a more effective fundraising process we need to consider the following:

- There seems to be a wrong perception regarding the Secretariat financial capacity. Many possible donors believe that with such eminent commissioners and close connections to governments and UN bodies, the Earth Charter Initiative already has plenty of financial support.
- Clearly there is a possibility of approaching possible major donors for contributions and planned giving. But most Earth Charter constituents have little money and expect the Earth charter Initiative to be supporting them.
- Fundraising should not be done for the Secretariat per se but for projects in different fields that would then generate the necessary funds for the operations of the Secretariat.

The Initiative seems to be entering a new phase now with more concrete examples to show and more specific interest.