



Ashoka's Citizen Base Initiative

CREATING A CITIZEN BASE FOR SUSTAINABILITY



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CREATING A CITIZEN BASE FOR SUSTAINABILITY

The growth of the citizen sector is around us, in every corner of the world. New citizen sector organizations (CSOs) crop up in the most remote and most central places, from Brunei to Brazil; more mature CSOs like BRAC in Bangladesh have become leading national employers. CSOs are competitive with government and business alike. For example, the success of the Grameen Bank has forced commercial financial industries such as India's ICICI to try and carve a space for itself in the microfinance industry. Around the world, citizen sector organizations are setting the pace of growth and the agenda for innovative social change.

Financing for the citizen sector, however, has lagged behind the sector's growth rates. Most CSOs are forced to survive entirely from donated funds. The majority of these donor funds are given for only a pre-determined, short timeframe and require significant work to obtain and maintain. It is estimated that by the time funds arrive, 20% has already been spent on their acquisition.¹ This revolving door traps organizations in a cycle of fund dependence, not only minimizing efficiency but also distorting the CSO's priorities and social mission. In desperate attempts to receive funds, CSOs often 'realign' their programs or resources to conform to donors' desires, thereby diverting themselves from their true social purpose. Ultimately, it is a lose-lose scenario—organizations are exhausted, overcommitted, and derailed, while funders are often unsatisfied with performance and tempted to look elsewhere.

However, the citizen sector has begun to change. Plagued with chronic dependence on foundations, governments, and multinational institutions for both funds and legitimacy, CSOs are now embarking on a bold mission of independence. To achieve the same autonomy of governments, religious institutions, and businesses, CSOs are looking to build a diverse base of committed supporters who both provide for and benefit from the CSO. Like a nation that must convert its inhabitants into participative citizens, CSOs must continue to transform its supporters and its beneficiaries into its own citizens. CSOs must establish a two-way relationship with these individuals, actively creating a citizen base that not only accepts and benefits from the CSO's social mission, but also materially and emotionally invests in it. It is this loyalty and commitment from a broad base of support that has spurred democratic uprisings; sustained temples, mosques, and churches; and allowed businesses to grow at unprecedented rates. If the citizen sector ever is to have such authority and impact, it must persuasively construct a vibrant, engaged citizen base.

SOCIAL ENTERPRISE: MISSION-BASED AND CITIZEN-BASED

Building a citizen base requires cultivating a diversity of resources—money, people, goods, and services. Creatively mixing these ingredients culminates in a unique portfolio that can offer the promise of long-term sustainability.

Of these techniques, income generation—often called 'social enterprise'—has been in the spotlight in recent years. A social enterprise can be either a CSO's separate for-profit venture that deliberately generates revenue, or a for-profit arm of a CSO. In either case, a social enterprise generates income by offering services or products, and reinvests the earning for public good. Whether earning a fee-for-service, creating employment opportunities, or engaging in retail opportunities, CSOs have been using social enterprises to bring in their own money. Neither linked to a program nor a funder, this kind of revenue is vital to the organization since it can be used at the organization's discretion to cover general overhead or budgetary gaps, instead of being limited to programmatic costs as often demanded by donors.

¹ Meehan III, 2004. Investing in Society Why We Need a More Efficient Social Capital Market - and How We Can Get There, In *Stanford Social Innovation Review*. Spring 2004.



A few powerful success stories around the world such as Greystone Bakery and the Grameen Bank have elevated the profile of social enterprise, urging many CSOs to consider pursuing this option alongside traditional fundraising. It has also spurred critics and proponents to reanalyze this approach. In addition to questioning how CSOs actually account for their revenue (often underestimating production costs and indirect expenses, and thus overestimating net profit), critics have often decried CSOs whose income generating activity is not sufficiently aligned with their social mission. The pros and cons portray a cautionary tale of the benefits of social enterprise.

In order to minimize these risks, social enterprise should not be just mission-based, but also citizen-based. By generating resources with and from within the community, a CSO's social enterprise activity will be more closely linked to its support base, helping to ensure that the financial resources are accounted for legitimately and that the social purpose remains central. This self-reinforcing process strengthens both the organization and the community at large.

**COMMUNITY INVOLVEMENT REINFORCES THE SOCIAL MISSION
WHILE BUILDING A CITIZEN BASE OF SUPPORT**



By implementing an innovative method of generating resources from within the community, a CSO will have a greater long-term impact than it would by relying solely on donor funds or generating revenue through an unrelated activity.

Finally, this process guarantees that both the organization and its citizens benefit. By designing the social enterprise activity to be central to the organization's core mission and the community's needs, it should be able to overcome many of the challenges that traditional social enterprises encounter.

A CITIZEN-BASED SOCIAL ENTERPRISE YIELDS MUTUAL BENEFIT

Benefits for the Organization	Benefits for Citizens
Heightened awareness in old and new markets transforms community members into potential purchasers, donors, supporters, volunteers, clients, etc.	Citizens become connected with effective conduits for local and global social change.
Higher sales & more donated goods or services result in the diversity of resources the CSO requires.	A lower-cost supplier provides quality goods and services—with social benefit—that otherwise might not reach their community.
The engaged community authenticates the CSO, helping to assure its long-term survival and impact.	Responsive, transparent, and accountable CSOs serve the community and flexibly address local needs.

HOW CAN THIS BE DONE?: INNOVATION IN ACTION

One of the most critical components of developing a successful citizen base approach to social enterprise is innovation. If it were simple or straightforward to mobilize communities to generate funds and increase impact, many more CSOs already would be on the road to self-sufficiency. Since each and every organization is working to support a different mission in a unique environment, there is no single prescription. Instead, it requires an organization to try new strategies and unleash its creativity. In order to differentiate themselves from other organizations, the most successful CSOs have innovated to involve stakeholders across all dimensions of their work.

Ashoka’s Citizen Base Initiative² has spent the past eight years scanning the world to surface and support these unique, vibrant ideas. Through highly-visible competitions, complemented by trainings led by both public and private sector professionals, CBI has been helping to ‘tip’ the thinking and behavior of the citizen sector towards innovation in building a broad citizen base of support.

Among these innovative approaches, we have noticed several tactics that have proven successful for CSOs across the world. These strategies have been culled from many citizen groups, including those of Ashoka Fellows, who have designed their social enterprise activities to be both mission- and citizen-based.

² Ashoka: Innovators for the Public, is a global organization dedicated to building a competitive, globally integrated civil society. For over 25 years, it has been identifying and investing in leading social entrepreneurs (known as Ashoka Fellows) in more than 50 countries, advancing their work to achieve global impact. One of its complementary initiatives is the Citizen Base Initiative (CBI), a global program dedicated to helping organizations diversify their financial base so that they become sustainably rooted in their local constituency instead of remaining dependent on foundation and government funding. Working in tandem with the other Ashoka programs, CBI envisions building a vibrant, self-sufficient global citizen sector that is as enduring and influential as state, religious, and private institutions.



In addition to the overarching role of innovation, the following are key strategies that CSOs worldwide have found essential to building a citizen base through their social enterprise activities:

- *Generate a Diverse Income of Financial **and** Non-financial Resources*
- *Create Deep Involvement with the Community*
- *Develop a Visible and Tangible Presence*
- *Build Strategic Partnerships*

The following case studies illustrate these strategies and offer tips for implementation. These pioneering examples, all of which come from Ashoka Fellows and CBI competition winners, should provide inspiration and practical tools for creating a citizen base for sustainability.

“The best ideas come from being creative...The sources of the ideas are from individuals who think in a very creative and lateral way. It is important to either consult with these types of people or draw them into your organisation.”

- MSR Founder and Ashoka Fellow Charles Maisel



Strategy #1: Generate a Diverse Income of Financial and Non-financial Resources

Generating money from a citizen base is most powerful when it is coupled with the harnessing of other resources, such as local labor, in-kind goods, and volunteer support. Tapping into community members to provide these resources helps lower operating costs, build local momentum, and assure that the organization remains client-driven. The two following examples highlight innovative practices that have generated a diversity of resources that are fully aligned with the organization's social mission and its community.

Men on the Side of the Road Project, South Africa Tools for Jobs and Justice

The Men on the Side of the Road Project (MSR) was created when Ashoka Fellow Charles Maisel devised a way to help employ the 18,000 men who gather at roadsides throughout South Africa waiting for a day's labor. Through a nationwide marketing campaign, MSR initiates a massive collection of old, unused, and broken tools, which are then repaired by and for the workers. Instead of anonymously dropping off tools at public places, citizens call MSR, which sends day laborers to pick-up these tools directly from homes, thereby building a human connection. According to Maisel, "You have to have the broader community involved in CBI resource mobilisation. The biggest donors in the world are from individuals and this is where the focus has to be...The people who gave tools have become the people who support the project in resources, use our services, and speak kindly about us."

Once renovated, these tools are then lent out or sold at discounted rates to the unemployed, who pay membership fees to participate in the program. 30,000 tools (worth R300,000, or US\$50,000) have been collected and stored in the Tools Shack, a second-hand retail shop run by volunteers. A sliding price scale allows MSR's Tool Shack to retail in the poorer townships, resulting in tool sales of US\$20,000.

The project partners with well-known hardware stores to provide skills trainings and provide information on specific trades, job placement, and self-employment. This third-party certification gives workers a competitive edge since customers can 'officially' trust their competence.

This innovative solution has solved more than just unemployment. Equipped with both the physical and mental tools of labor, these workers have come together in Federations in order to increase their own success rate. Alongside MSR, they have built shelters, spread worker rights education, and established partnerships with government agencies, unions, and human rights organizations to improve their standard of living.

Tips for Generating Resources:

- **Make use of untapped resources.** Look for both people and assets in the community that are not being used to their potential. Employing and co-designing solutions with beneficiaries empowers them to make change.
- **Prove the organization's social commitment before asking for money.** Asking for tools before donations, MSR built trust with the community, which resulted in more money later on.
- **Think outside the box.** Brainstorm at every level of the organization; ask entrepreneurial friends for help; learn about organizations in different fields on different continents. Courageously design new strategies; if they fail, do not be afraid to redesign.



The Solidarity Foundation, Chile ***Handmade Dignity: Producing Social Benefit across the Commodity Chain***

The Solidarity Trader store is the entrepreneurial arm of the Chilean Solidarity Foundation, founded to provide dignity to people through work and inspire community collaboration to overcome poverty. As the distributor of local crafts—goods handmade by groups of low-income women micro-entrepreneurs—the store is both a means and an ends towards the Foundation’s goal. It not only provides the bulk of the Foundation’s and the women’s income, but also is the basis of the Foundation’s image that helps it build corporate partnerships and community support.

The Foundation assembles and trains these otherwise marginalized, small-scale artisans in producing high-quality, demand-driven local crafts, such as pottery, puppets, and educational products. The Trader then charges between 22-30% markup on product sales to recoup costs and make a profit, which is invested back into the Foundation.

Together, the Trader and the Foundation have helped create opportunities for 490 members and sell their products to 18 countries, often under the Fair Trade label. Within Chile, the Trader’s locally- and culturally-appropriate educational toys and games have enabled it to win contracts from the Ministry of Education, beating out international corporations such as Fisher-Price and Mattel. The Solidarity Trader has also provided Christmas gifts for Coca Cola and PriceWaterhouseCoopers.

The Trader’s success is due to not only its well-trained workforce and its competitive products, but also to its use of community resources. The Foundation solicits in-kind donations such as fabrics and wools, which are used in the carpets and embroidery, and newspapers for the recycled bags in which products are gift-wrapped. With an on-line catalogue and highly visible sales outlets, managed by volunteers, the products yield income while increasing community awareness for the problems faced by women producers.

Tips for Generating Resources:

- **Professionalize the community workforce.** Invest in the community through skills training to guarantee that the product will sell and that workers will develop long-term, marketable skills.
- **Embrace entrepreneurialism.** Create a culture to nurture creativity, initiative, and efficiency. Build a niche market and confidently compete with the best.
- **‘Sew’ ethics into every product and relationship.** Apply the same ethics required for building a CSO to building the business. Solicit donations and purchases from potential allies; avoid those that may compromise the organization’s integrity. Do not settle for short-term gains.

“I believe that we can compete with the big businesses as long as we don’t abandon our mission, which is the real quality of our product.”
-Winnie Lira, Solidarity Foundation Founder and Ashoka Fellow



Strategy #2: Create a Deep Involvement with the Community

All people who value the social mission should know that they are an essential part of pursuing and obtaining the organization's goals. They should not be recognized simply as employees, clients, volunteers, or beneficiaries, but rather as integral parts of realizing the mission. With their support, the organization can build a credible image and save costs.

Western Ghats Conservation Society, India *The Real Adventure: Volunteers Leading Environmental Change*

Ashoka Fellow S.L.N. Swamy founded the Western Ghats Conservation Society (WGCS) to bring awareness to this threatened forest region while using the environment to cultivate people's self-confidence. Through a carefully executed volunteer strategy, WGCS is able to achieve both its mission and achieve financial sustainability.

The WGCS's Adventurers Program set out to transform its clientele, who had been participating in WGCS's ecological adventure retreats, not just into volunteers but also into environmental leaders. Swamy realized that by matching individuals' interests to addressing environmental problems, he could shift their behavior from passive appreciation to proactive change. For example, Swamy would inspire a kayaking fanatic, once a visitor to the Adventurers retreat center, to return throughout the year to teach local children and visiting corporate groups about water pollution and water safety techniques. A former Adventurers' volunteer-turned-environmental-leader comments, "Side by side, [Swamy] has been able to infuse the values of a close knit family into the organization and has insured that volunteers maintain a long-term relationship."

Instructed in ecological conservation, these volunteers lead eco-trips to educate local and international visitors, as well as provide group trainings to corporations, schools, and governments. Eventually, many volunteers assume leadership positions within WGCS. This transfer of knowledge and responsibility increases local awareness and reduces the cost of training and paying people from outside the region.

The proceeds from outdoor training programs are used to subsidize WGCS's other education projects. The program does not receive funding from any agency, as its fee-for-service model ensures steady revenue for the organization. The multi-tiered pricing model allows WGCS to focus its work on local populations, as well, helping forest dwellers harvest and sell local products (honey, wax, and seeds) and offering training in culturally- and eco-sensitive tourism.

By harnessing the skills of volunteers, WGCS has found a win-win solution to both the organization's financial and social challenges.

Tips for Creating Community Involvement:

- **Motivate the local population to improve their community.** By involving citizens with direct understanding of local problems, they will gain a deeper commitment and concern for the issue.
- **Empower volunteers and members.** Transferring responsibility to volunteers or members will give them a bigger stake in the organization and the cause.
- **Make it fun and rewarding.** Provide the right incentives that keep people coming back for more.



Strategy #3: Develop a Visible and Tangible Presence

Increasing visibility within the community—in sustained and concrete ways—will increase the number of people that understand and support the mission of the organization. Even if people do not become active supporters, they can advocate for the cause. Organizations can achieve greater visibility through marketing, branding activities and products, as well as advertising for events.

The Mirror Arts Group, Thailand Empowering a Virtual Community

The Mirror Arts Group (MAG) is working to raise awareness of social problems and find solutions through its on-line community. With a well-crafted virtual landscape,³ MAG successfully turns visitors into members by pairing real-time, interactive information on social issues with the opportunity to build on- and off-line personal relationships around the causes. By energizing those who care about the issues, MAG inspires its members to spread progressive ideas about education throughout the country, as well as generate valuable ideas that can be used in MAG's own work. "We needed to create a quick low-cost means of mobilizing resources that enabled us to respond to community problems as they emerged," recalls Ashoka fellow and MAG Founder, Sombat Boonngamanong.

While neither asking for money nor providing information to the larger public is a new use of the Internet, Sombat's approach is unique because it tightly integrates these two functions to build community support. It now offers members the chance to donate cash and books, as well as find volunteer opportunities. On-line recruiting efforts in 2000 yielded 400 new visitors to MAG's community development initiatives, 100 of whom volunteered to work in the community. MAG has also raised over 100,000 books and 200,000 Baht (approximately US \$5,400) through on-line donations.

MAG has turned its visitors into members by requiring viewers sign up (for free) before accessing site contents. By tracking visitors, MAG has compiled an electronic mailing list of over 13,000 self-selected individuals, who are potential allies, activists, donors, or volunteers. This database is far more useful than traditional, pre-purchased mailing lists. Sombat now is applying these citizen-based methods to build up MAG's social enterprise to sell local crafts through the Internet.

Tips for Developing a Visible and Tangible Presence:

"Make potential donors feel that they want to participate. Make them feel, not simply know, about the issues and the need for resources...and then offer a way to give back."

- **Sombat Boonngamanong,**
MAG Founder and Ashoka
Fellow

- **Have clear, universal, and up-to-date messages.** The relationships that are built will only be as good as the information provided. MAG updates its website every two days to keep interest high.
- **Find unique, interactive ways to reach members.** Engaging members through a new medium will differentiate the organization.
- **Build a membership and resource base through visible relationships.** Publicly building the member community will strengthen individual and organizational relationships.

³ Some of the websites built with this technique include www.bannok.com, www.mirrorgroup.org, and www.backtohome.org.



Strategy #4: Build Strategic Partnerships

Another key to enhancing the image and legitimacy of an organization, while generating resources, is to create strategic partnerships with other institutions in the community, such as businesses, governments, or similarly aligned organizations. New relationships with private or public sector organizations often open the door to new resources that can advance the organization's mission and sustainability.

Magic Bus, India A New Turf for Corporations and Children

Magic Bus is the only organization in India that uses sports and recreation to help destitute children gain a better understanding of themselves and the value they can bring to their communities. Its unique mentoring program and organized day-trips help children develop the skills and confidence they require to tackle life's challenges. In stark contrast to a life of work in the slums, the field trips give children a rare opportunity to play outside, while simultaneously developing social skills and self-confidence.

Ashoka Fellow Matthew Spacie designed Magic Bus to rely on partnerships with corporations to provide a talented pool of volunteers, donations, and in-kind resources to support these activities. In order to guarantee corporate commitment, Magic Bus works to create a win-win scenario. In return for funding day-trips and providing mentors, corporations are given a holistic volunteer opportunity and regular updates highlighting social impact. Participation in the program also helps corporate volunteers gain valuable teamwork, decision-making, and leadership skills, thereby serving as a more affordable alternative to human resource training programs that corporations may otherwise pursue.

Recognizing this new income-generating service that it can provide, Magic Bus is now building an off-site training center explicitly to provide a venue for corporations to develop their employees' skills. More scenic and cost-effective than urban training facilities, this center will generate a steady flow of corporate fees to subsidize Magic Bus's continued training of both children and other CSOs, which will also occur at this center during off-seasons.

Finally, Magic Bus partners with other organizations working with the same population of street kids, so that it can tie its outdoors activities for children with other organizations' educational curriculum or social services.

Tips for Building Strategic Partnerships:

- **Involve supporting institutions in creative, meaningful ways.** Make collaborating organizations an integral part of serving the mission, not merely distant supporters.
- **Provide benefits back to the partner institutions.** Support will be more lasting and reliable when there is a benefit to both parties.
- **Create a face-to-face relationship.** In-person meetings reinforce the deep reasons for the partnership, preventing small problems from overshadowing the big picture.



APPLYING THE STRATEGIES

Each CSO faces distinct challenges to find funding and engage the community. Incorporating the strategies described above will help CSOs implement innovative ways to improve their self-sufficiency and widen their reach. Since all work must be adapted to a local context, creativity and an entrepreneurial spirit are essential elements for developing a vibrant citizen base.

When designing a strategy to support the mission through a social enterprise or other revenue generating activity, there are several issues to take into account.

Variables to Consider

- **Relevance:** How closely does the activity relate to the organization's mission? Does it mutually support programmatic objectives? Does it build the organization's citizen base? Does this activity promote the right image of the organization?
- **Time & Resources:** How much and what kind of resources will it require *and* yield throughout the process? Have all costs that will be incurred—including indirect ones—been accounted for by the organization? How much time does it demand? How long will it take to achieve fruition?
- **Effectiveness:** Are there other activities that would further the mission more for the same resources spent? What is the worst-case scenario for attempting to implement this activity? Is this activity replicable, allowing the organization to build off of these efforts in the future?
- **Impact:** What social impact does it achieve? Does that social impact support the mission and vision?
- **Values:** Is the social enterprise consistent with the organization's and the community's values? What ethical problems may be encountered?

FINAL THOUGHTS

The vibrant growth of citizen organizations worldwide confirms that the citizen sector is gaining the momentum, credibility, and authority that it has long been trying to obtain. If the citizen sector is to have the impact that is required to surmount the myriad social problems afflicting our society, CSOs must wisely and creatively design strategies that ensure their long-term sustainability. CSOs need to harness innovation in order to persuasively construct the vibrant, active citizen bases that will provide them with both resources and legitimacy.

A citizen-based approach to social enterprise is one important component of this process. Deeply engaging with the community to provide the diversity of resources that the CSO requires should maximize the CSO's social impact while minimizing its costs searching for funding. A social enterprise can only have significant impact on the organization or field if it simultaneously builds a robust citizen base. Nevertheless, social enterprise is still a means, not an end, towards long-term success.



Finally, as the CSO successfully builds this institutional structure, there are a few additional points to take into account that will facilitate this maturation.

- Sustainability requires *appropriate and predictable capital inflows*. The most well-intentioned efforts will become meaningful only when the strategies stimulate a steady stream of valuable resources. The ad-hoc or infrequent acquisition of resources may, in fact, derail the social enterprise.
- Vibrant CSOs and social enterprises need *dynamic organizational structures*. The most successful social enterprises often have a history of organizational adaptation, whereby the organization learns to embrace entrepreneurialism by modifying its structure and strategies to accommodate changing markets and opportunities.
- *Partnerships across the citizen and business sectors* are increasingly important. Despite the divergent roles and histories of the public and private sectors, the growth of the citizen sector has resulted in overwhelming possibilities for high-impact collaborations valuable to both sectors. This untapped potential holds promise to push the frontier of new social-business development models.

Citizen organizations now have a unique opportunity to build this new architecture for the sector, reinforcing past gains and spurring current successes to shape the future.



Ashoka's Citizen Base Initiative

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As Acting Director of Ashoka's Citizen Base Initiative (CBI), a global program to transform the citizen sector's approach and practice of creative sustainability, Meredith Lobel leads and oversees CBI Competitions and Trainings on four continents. She also runs the evaluation process for Global Development Network's "Most Innovative Development Project" Award.