

Strings of Agreements with Money

by

Jim Ritchie-Dunham

Ned Hulbert

I. Context

In Society. The breakdown in September 2008 of the world's financial and money systems has created a crisis that endangers the stability and vitality of societies world-wide. We must reshape our now broken systems with new, healthy agreements for working with money and one another. We can restore a social balance and enable the basic needs of individuals and society to be met. Organizations and the larger systems within which they function can benefit from articulating and working with the new agreements. The financial crisis shows us very clearly what is unhealthy.

New, healthy approaches to working with money through partnership have been developed in practical situations worldwide since the 1960's, fueled by the many civil society organizations that have partnered with philanthropic networks, foundations, individuals and one another – as well as with businesses and government – to invent, advocate for and practice sustainable values and human-scale approaches to solve the planet's social and environmental challenges. These experiments are seeding new money agreements and understandings across sectors and within large systems.

The new capacities and agreements for working with money through partnership are a recent phenomenon. Only in the past 40-50 years has a vibrant network of local, national and international civil society organizations and funders sprung up with the will to solve the social and environmental challenges caused by the breakdown of the older government-business system. The older system's values and practices have led to the crises of the day. The new partnerships have the capacities necessary to meet today's challenges in sustainable, practical ways.

The opportunity now is to understand, objectify and consciously integrate what have been mainly intuitive, experientially-tested practices and insights from many philanthropic-civil society-business-government partnerships. The key insights from these partnerships are still not accepted or understood by the mainstream government-business axis, whose thinking still predominates.

Our Dialogue. Our colleague group has been in dialogue for over two years studying how working partnerships based on deeper intentions and uses for money can enable healthy social development. Our special interest is in the potential of foundations and civil society organizations to pilot more effective social agreements. Civil society has the capacity to introduce and demonstrate for the mainstream, especially for the older government-business system, new models for working with money, which will help generate sustainable solutions to many social problems. Despite this potential, it should be noted that foundations and civil society organizations are not free of conventional assumptions about money which, if not worked with consciously, can undermine their higher ideals and the practical capacities they have evolved through their partnerships.

A Case Study. This paper illustrates how one civil society organization, CARE, is struggling to evolve new social possibilities for working with money in its partnerships: struggling because : (1) it is still encumbered by the older system’s strategies and practices; (2) management at CARE has not yet understood these new social possibilities at strategy, policy and governance levels; and (3) they are already being practiced in the field at an intuitive level. We think that the new emerging social possibilities can, in time, shift large systems like CARE towards more sustainable behavior. When key managers in the CARE system understand their current reality and its limitations, they will be free to make new agreements and to redesign the system accordingly.

II. Money Types and Agreements

To ground our dialogue on emerging agreements around money, we applied what we sense are newly evolving understandings about money, alongside older understandings.

Money Types. We worked with the concept of three types of money (see Steiner and Finser), each with its own intentions and uses, each requiring different capacities and agreements, each contributing to different societal needs and each representing a different kind of economy separate and complementary. Being conscious about what type of money one is working with, as well as its larger cultural gesture, is critical for the effectiveness of organizations and of the larger systems within which they function.

Each type of money expresses a deeper cultural gesture that is more than an economic factor, rather related to older or newer forms of consciousness. Especially the gift money gesture, mentioned above, seems to be strongly manifesting at this time on a planetary scale, in support of the deeper impulse to preserve human culture and natural earth systems in the face of impending collapse. It requires a different way of being and working in relationship – on a worldwide scale.

- 1) *Purchase money* functions to pay for goods and services. It is exchanged between individuals and organizations to facilitate the consumption and production of goods and services to meet human needs. Price sets the terms of the transaction and may be negotiated based on the willingness of each party.
- 2) *Loan money* functions to invest in and finance the future development and provision of human and organizational capacities, and the replenishment and strengthening of natural systems. An investor provides capital to a person or organization that wishes to produce new goods, services, or a strengthening or development of a natural system, in exchange for capital support. Each party accepts conditions and timeframes that tie them to one another until the loan is paid back or investment made whole.
- 3) *Gift money* is freely given, “without conditions,” based on the donor’s belief in an individual’s or organization’s potential to make a difference in the world due to their current capacities, unique talents and the possibility they embody to manifest something new and necessary in the world. A gift money recipient may be an individual, organization or larger system. The relationship between donor and

recipient is “free of requirements” when the gift is given. Gifts may be also given with certain qualifying boundaries, but within the boundary the recipient is free of donor requirements.

As noted above the quality of a gift money gesture is an attention to what the recipient needs to unfold, to some deeper aspect of their being and potential. As the gift has minimal or no restrictions, the giver must have sensed and wanted to support the recipient to freely develop a deeper talent, based on her own sense of her own situation. Enhancing freedom and trusting the recipient to responsibly unfold her talents – the gesture is one of empowerment and trust in the wisdom of the other.

Each type of money is neither good nor bad in itself; each has its important function. Yet the agreements based on how entities and individuals work with one type of money must be clear, as each carries different expectations, gestures and capacities. Otherwise, the actual use to which the money is put can fight with its deeper intent and cause organizational and systemic confusion and dysfunction. Leaders in foundations and civil society organizations especially need to understand the trade-offs implicit in working with different types of money with different stakeholders. They must be able to make more explicit how each money type and its deeper gesture will impact their mission. They must be able to make conscious agreements with colleagues to support how the money will work.

[Again, and at the risk of being a pain, I think the “real” challenge is to live into a new, deeper approach to giving, not to distinguish more clearly between gift and purchase or loan money. I question the “no strings” definition of gift money; I may be wrong, but believe gift money can come with all kinds of (appropriate, legitimate) conditions attached and still be gift money. For me, the issue is more the nature or quality of the agreements underlying the gift, than it is a confusion of types of money.]

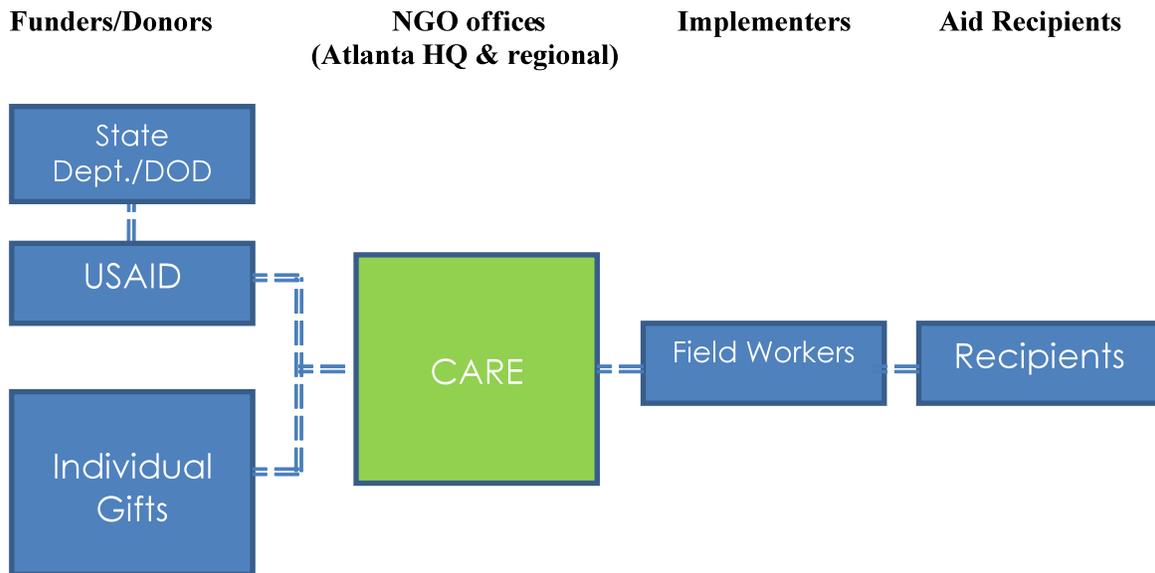
Agreements. It is our assumption that all working relationships, no matter how complex, between organizations and their larger system of stakeholders are founded on previous agreements. When money agreements are unraveled and made transparent to the organization and the larger system, then they may be renegotiated to produce greater health for each of the parts and for the whole.

III. The CARE System and Money Agreements

We studied CARE using a systems perspective to understand and distinguish between its money intentions and gestures, and the intentions and roles of its stakeholders, who together constitute a larger system of interrelated foundations, donors, CARE and other colleague groups. Specifically, we focused on CARE in its Guatemala operations of recent years. We included in the system CARE’s main funders, its field workers, its aid recipients and other stakeholders. While our example has not been fully vetted for accuracy, we believe that our assessments are, in the main, accurate. The story comes from one of our colleagues, who has worked for four years as a consultant to CARE in Guatemala on several projects. Another colleague has had briefer working experiences with CARE in Guatemala and has corroborated the main elements of the case.

Below is a diagram of the CARE system and its main stakeholders. CARE receives its funding principally from individual donors and USAID, which is influenced by the US

Departments of State and Defense. CARE sets funding and implementation policy in its headquarters in Atlanta and implements its programs in national field offices. The field offices work directly with the aid recipients.



CARE (Cooperative for Relief and Assistance Everywhere) was founded in 1946 as a program to help funnel relief to the war-torn people and countries of Europe immediately after World War II. CARE’s work was funded primarily through its main donor USAID (Agency for International Development founded in 1961) and its predecessor entities. USAID is an independent federal agency with leaders named by the executive and approved by legislative branches.

While CARE is a private charity, it acted for much of its early history to support US foreign policy to channel food and economic aid to Europe in support of the Marshall Plan and of “the free world’s security.” As the world and its areas of focus changed, CARE began to work more on root causes of poverty worldwide, with a special focus on empowering women.

Funders/Donors. CARE receive most of its funding from USAID and individual gifts.

Funders are upstream, as they provide the resource to power CARE and to restrict its course and focus. The Departments of State and Defense are shown as influencing USAID, which was the most significant funder for CARE. State and Defense policies have dictated those countries to which USAID could send humanitarian aid through CARE. Neither State nor Defense has an explicit oversight relationship of USAID, but USAID clearly required CARE to work only in certain countries – echoing State and Defense policies – if CARE wished to receive USAID financial support.

A major government donor, USAID, has funded CARE to carry out policies set by State and Defense and it continues to do so, to the level that CARE has pulled out of countries not sanctioned by the State Department. USAID’s priorities set the “money intention” of

CARE from the start in a certain direction. It was a *purchase money* gesture - USAID purchased security and alignment with US foreign policy aims by funding NGOs like CARE to provide food aid for people (in countries identified as strategic priorities) who did not have food – in the most efficient way possible with the least amount of waste, fraud or duplication; “a system where nothing gets spilled along the way.” CARE set-up its headquarters and regional office operations in a way that imprinted the aims of its initial main funder – a bureaucratic, efficiency-based model that could operate with a very low administrative overhead and verify statistically that food aid was getting to those who needed it in the prioritized countries. CARE is known for its low overhead and its reputation for delivering food aid efficiently. It is also known as bureaucratic, slow moving and not very innovative (see further below). Its form and policies still mirror the organizational standards of its USAID donor.

Major private individual donors who might be seeking to make a *gift money* gesture would find it not possible. In recent years individual donors and foundations have become a large percentage of CARE’s annual funding income, yet their level of influence seems low in comparison to USAID. Nevertheless individual donors represent the emerging power of private *gift money*, which has the potential to shape and shift over time CARE’s overweening USAID orientation.

CARE recently began to emphasize private gifts to support its mission and now it receives a large percentage of private gifts and grants (annual amount?). Private donations are actively solicited on the website and in direct mail. The degree to which private individual donors are enabled to make a *gift money* gesture seems minimal at best, as there is no language in the donor solicitation that addresses *gift money* donor options such as:

- One’s ability to restrict gifts to certain locations, situations or programs of concern to the donor
- Requesting that gifts be given with no restrictions at all to groups or individuals
- Providing reports to verify that gift money complies with “free” orientation

There is no education or encouragement for private donors to give in the spirit of supporting the destinies of specific groups or communities to evolve towards greater freedoms in the spirit of an individual donor’s concerns.

Civil Society Office. The imprint of the initial donor’s money gesture predominates in CARE’s headquarters and regional operating office’s strategies, practices and policies. With a \$600 million annual budget, CARE’s operations mirror the large bureaucracy of its lead funder, USAID, with a top-down structure of policies and procedures set through its Atlanta headquarters, including extensive and time-heavy policies to monitor and prevent fraud through country staff, programs and sub-contractors. These operational structures mirror the organization and *purchase money* gesture of the original major donor, USAID, which seemed necessary to channel aid efficiently to chronically corrupt areas globally.

CARE’s management of the Hurricane Mitch disaster in Guatemala is a good example of how its bureaucratic, inefficient policies and procedures impacted the actual delivery of aid to those needing it in the field. With 5,000 people dead in mudslides in Guatemala, CARE’s emergency response mobilized. CARE field workers were told it was unsafe to be in the field, and that they should return to home bases (as much as a 13+ hour journey for some).

CARE then took two weeks to create instructions for how field workers should submit requests for help, including:

- Describing how the money will be spent
- Providing a list of expected outcomes
- Noting who will manage the outcomes and how they'll manage it

Such over-careful, slow-moving policies bear the imprint of the *purchase money* gesture of USAID replicated through the management structures of CARE. The essence of the gesture:

- Justify how you will spend our money – don't spend it unless you minimize waste
- Show the quid pro quo that we get for our purchase
- Prove you are being responsible to funding policies (set by regional/HQ offices)
- Focus on purchaser/management requirements vs. customer (aid recipient) concerns

None of these aspects of the *purchase money* gesture is necessarily wrong, but rather in stark contrast to an emergency circumstance that requires immediate attention for those who are suffering in the field.

On the other hand CARE's in-country office director sponsored a 26-group, multi-stakeholder dialogue with all key stakeholders in the country, across all sectors, to determine a collective definition of poverty based on better serving the poorest people in the country. The results of this work were a framework through which collective cross-sectoral cooperation could occur, and the building of many new relationships across different organizations. While the multi-stakeholder dialogue has not been followed-up consistently, it indicated the country director's willingness (he is now gone) to step far out of the box and partner with groups formerly perceived as enemies.

[Good, but I wonder if more about this process (without going into the system map) and how it supports the new kind of giving wouldn't be very much to the point for your audience – and a way to presence some of what BW can offer them.]

Another sign of new thinking has been the country office's willingness to seek international funding from European foundations, as a way to be independent of Atlanta and to show that it can raise money without the restrictions of Atlanta.

Field Workers. CARE's Guatemala field workers are employees and subcontractors whose gesture is predominately that of a *gift money* orientation. They are hired by, take orders from and are funded through the management offices, yet they exercise independence in the field, as they are embedded in or close to the communities they serve. Their closeness to the communities they serve reveals their partnership orientation, in spite of traditional reporting and administrative requirements. The history of the field workers is one of deep connection to and empathy for the communities whom they serve.

The field workers are typically highly educated development professionals, many with graduate school backgrounds, technical skills and extensive development experiences with other NGOs prior to CARE. Most are Guatemalan citizens, idealists devoted to their clients in the field and deeply part of the communities they serve. They serve as field-workers

because they love working directly with the recipients and their communities. They seek to optimize their field time with recipients and to minimize bureaucratic requirements. They are proud of getting a high percentage of aid directly to those in need.

Yet they often find themselves in opposition to CARE management and to headquarter directives. There is a *gift money* gesture, one of giving unreservedly to those in need, believing in their communities capacities to renew themselves. They see themselves as development facilitators, not experts. They think: “How can I get around the bureaucratic system requirements to give most of my time to recipients in the field?” They resent overly controlling policies and want more personal discretion to interact with field workers.

There is a disconnect between CARE’s management and its field workers, which causes organizational dysfunction and conflict. Most managers came from the field and buy into the story that an “efficient system” must be operated according to the purchase money/transactional mindset extended into CARE as a management requirement from the original USAID donor relationship. Those in the field still see the heart of their work as positively shifting the lives and sense of meaning and hope of the recipients and their communities. So CARE’s managers hire idealists to work in the field because they know they will be effective due to their commitment to the recipient communities. And at the same time they know, but do not resolve, the internal conflict between the purchase money gesture of CARE’s management and the gift money orientation of its field workers.

Two sets of realities are maintained between the offices and the field, and they cause considerable stress, burn-out and organizational ineffectiveness.

Recipients. At the end of the stream come the recipients of CARE’s aid, those communities and groups targeted for long-term poverty reduction. The recipients have a unique perspective, as they see more objectively the effectiveness and reality of the whole system, including the disconnects between field workers and office management

The aid recipients themselves want help and recognize CARE as a potentially effective ally that can literally save them and their families by providing food, microcredit or other forms of poverty aid. They are pragmatic about what CARE can do for them. They see CARE’s presence and will take whatever material aid they can get from CARE. They can see the bureaucratic orientation of the entity, at the same time observing the different orientation of field workers to their individual and community needs (open and facilitative). They will play each aspect of the entity to get as much as they can.

As they are in the position of needing help to survive, they do not have illusions about CARE’s schizophrenia. They live with each reality and accept the system’s two separate, unreconciled gestures as aspects that they learn to respond to without judgment. *[I have to wonder if they are not living in deep unconscious/ conscious resignation about ever being able to effect desperately needed social transformations. Also, living in entrenched resentments towards various groups, who show up inevitably as the enemy. Jim’s exceptional intervention on poverty revealed – it seems to me – how much this is the norm, but need not be.]*

IV. Some Observations about CARE’s Situation (incl. AQAL)

CARE's mission is poverty eradication and aid for individuals and their communities. It is a deep *gift money*, civil society gesture of good will, idealism and a commitment to sustain the rights, freedom and development of aid recipients and their communities. This ethic is held deeply by the field staff.

From its inception CARE has lived with a defining *purchase money* gesture imprinted into its structures, strategies and governance through the aims of its original funder, USAID. This imprint has subtly and not-so-subtly determined many of CARE's defining characteristics, for good or ill, as well as the contexts in which it is an effective, or ineffective, deliverer of aid.

As a civil society organization, CARE attracts field workers who embody the new gift money dynamic of civil society, albeit perhaps unconsciously, in their working relationships with CARE's aid recipients and their communities. This is a subversive empowering element, which may ultimately bring healthy change to the organization's management and strategic priorities.

Over time, as CARE's donor base has expanded to include a high number of individual donors and private foundations, CARE's receptivity to the *gift money* gesture has grown. Its marketing rhetoric attests to empowering others, even if its actual practices and policies may fight against, this gesture.

The influence of unconscious money agreements between CARE and its main stakeholders - based on the intent and use of different types of money - significantly impacts CARE's internal and external stakeholder relationships in ways that inhibit its fuller effectiveness in the world. Specifically, CARE receives *purchase money* (USAID and some individual donors) and *gift money* (some individual donors), processes that money as if it were purely *purchase money*, and applies it to programs in the field, where implementers receive it and attempt to use it as *gift money* (aid) or *loan money* (microfinance). Were CARE to inquire deeply into the conflicts that its two unreconciled gestures raise, it might find opportunities to reclarify its mission and to examine how its structure, strategies and governance might be more effectively aligned. Again a subversive empowering element is arising through the many individual donors and foundations who are growing its funding base.

These observations reflect the inner and outer dimensions of the old and new agreements facing CARE, as it focuses on them from the level of the individual and collective, as reflected in the figure below.

