



REPORT

FOR NATION-WIDE SURVEY

ON THE

**ENGAGEMENT OF PRIVATE SECTOR
FOR ESTABLISHMENT OF PEACE ENDOWMENT
FUND TO SUPPORT CSOS IN PEACE
BUILDING IN NIGERIA.**



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LIST OF ACRONYMS:

CSOs: Civil Society Organisations

NGOs: Non Governmental Organisations

INTRODUCTION

The purpose of this report is to establish the feasibility of a potential unique, Nigeria-initiated peace building fund designed, owned, led, and managed by Nigerians. Its main purpose is to provide strategic support for the development of more efficient and effective peace building initiatives and systems that are financially sustainable. It is designed to surface the opportunities, challenges, and nuances of building a fund in Nigeria. The intention is that the fund would have a substantial part of its funding from the organized private sector in Nigeria to give meaning to ambitions for Nigerian ownership, continuity, accountability, and long-term sustainability. The endowment fund would complement rather than compete with existing funding mechanisms, and seek to fill financing gaps. It will assist in mobilizing additional resources for peace building investment that are sustainable and from within Nigeria. The intention is that the fund will be catalytic and designed to lead to robust gains in efficiency and effectiveness at system level that are self-sustaining and not dependent on long-term support from external sources. The report also identifies various other appropriate funding mechanisms.

BACKGROUND

The work of Civil Society Organisations (CSOs), Non-Governmental Organizations (NGOs) - protecting the environment, humanitarian work, peace building, human rights, helping the sick and needy, preserving arts and culture, is by nature unprofitable. Traditionally, CSOs and NGOs rely on the goodwill and generosity of others to cover the costs of their activities through grants and donations. Today, unfortunately, CSOs and NGOs find that such traditional funding sources are often insufficient to meet growing needs and rising costs. In addition, restrictions imposed on many grants and donations, along with the uncertainty of these funds over time, make it difficult for them to do long-term planning, improve their services or reach their full potential.

The impact of the Covid pandemic has been enormous particularly on this sector. Not only are their traditional funding sources now directed to new emergencies – but in the short to medium term – their survival is threatened by a complete lack of donor funding. This is because traditional funders of the sector are facing their own challenges – for instance – profits have declined and therefore corporate social investment or grant funding is less. Traditional overseas development agencies are focusing on their own countries and as such have less resources to send around the world. In addition, funding practices are changing, and funders are now looking at more sustainable funding mechanisms. This means that CSOs and NGO's will also have to consider new sources of capital to ensure their survival into the future.

FUNDING CONTEXT IN A CHANGING DEVELOPMENT ECOSYSTEM

The Actors within the peace building eco system are presently funded by a patchwork of funders—each with their own parameters, limitations, and mandates. The three major types are;



Bilaterals and Multilaterals. Bilateral aid is directly given from one government to another, while multilateral aid is money compiled from various governments and organizations and is usually arranged by an international organization such as the World Bank or the United Nations (UN). Most of this funding is driven by the political and economic agendas of the donor country. In addition, funding is usually routed through larger international non-profits while local ones only serve as 'implementing partners'. With such intermediaries in the picture, local CSOs and NGOs are forced to work within the confines of their funding partner's stipulations. Similarly, smaller nonprofit organisations are completely cut off from international funding because they lack the social credibility and popularity. This creates a cycle where only the most 'visible' local non-profits continually receive funding.



Thematic funds raise funds from multiple sources and often have within their mandates to provide flexible funding to grassroots and locally-led work. The demand for this funding is particularly high given the higher potential for thematic and ideological alignment, the potential for more flexibility and the possibility of core support.



Private philanthropic giving originates with individuals, through their families or bequests upon death; while corporate philanthropy, some through foundations bearing the corporation's name, are part of a company's engagement with charitable social causes.

MAJOR ISSUES WITH PRESENT FUNDING

The quantity and quality of funding is equally important.

SCARCITY

The Quantity of Funding and Insecure financing has characterized movements for peacebuilding in Nigeria. Scarcity has resulted in intense competition for the available funds. These factors have fostered dynamics of scarcity in the region including the attrition of committed humanitarians, burned out leaders who sustain their activities on evenings

and weekends. This limits the impact of projects and forces the staff to live on the barest minimum. In Nigeria, an ongoing job at development workers is that the NGO staff's standard of living is so below par that they should also be beneficiaries of their own projects (especially in livelihood and economic empowerment projects). It is quite common for funding to be unceremoniously withdrawn when an organisation is termed non-compliant to donor requirements.

CORE FUNDING CONTROL AND AGENDA SETTING

Lack of Core Funding has contributed to the inability to set tailored relevant agendas and a lack of control-The importance of core funding is not just its ability to cover costs typically not covered, but It also allows organizations to sustain staff and operations and to have the stability to plan, to set agendas, and to respond to global and local attacks from the fundamentalists and other players. This allows for work to address oppressive policies, address root causes, develop systems of protection for activists, and to set agendas for the region. However, bilateral funding, for example, is driven by the political and economic agendas of the donor country. These may not always align with the grassroots objectives of communities. For example, a donor might prioritise teaching people their rights, while the community seeks expansion of its immunisation program.

Ideological compromises are increasingly being made to sustain funding and this sometimes lead to clashes of values. The model also perpetuates an imbalance of power between international donors and local communities. The power dynamics can hinder genuine, bi-lateral collaboration and may result in decisions that prioritise the donor's interests over the community's needs. Prescriptive funding with strings attached also forces many CSOs and NGOs to find innovative ways to redirect resources to those issues, programs, and campaigns that they find most critical in the ways they find most effective. This shift has resulted in limited resources for core operational support, weakening the overall capacity of CSOs. There is also the added humiliation of having agendas for one's problems dictated by outsiders and the lack of coordination amongst donors.

GRANT TERMS AND TENOR

Funding has shifted towards short-term projects with expected outputs rather than long-term institutional building and strengthening with expected outcomes whereas long term funding support is what is required. Available funds are often tied to particular campaigns or events and often have onerous reporting requirements.

Establishing a national fund as well as identifying other sustainable innovative funding mechanisms could play a critical role in supporting the sustainability and growth of peace building activities at grassroots, local, and national levels, while also putting in place strategies to optimize resource mobilization, grant making, and capacity-building as conduits for supporting activism. It will also drive contributions to more locally led

causes, and enable more flexible approaches to grant funding. This flexibility in core funding will enable grantee partners to self-determine their agendas, respond to changes in contexts, seize unanticipated opportunities, cover their operating costs, and invest funds where they are most needed

GOAL

This survey and advocacy exercise is designed to explore the best options for the organized private sector to develop and own an endowment fund that could support Nigerian CSOs to perform the task of building peace in Nigeria more efficiently and sustainably. It was set up to determine the levels of interest and commitment of stakeholders to the establishment of the endowment fund and make judgments about its feasibility and viability as well as to determine and articulate other sustainable financing options.

This initiative aligns with the United Nation's Sustainable Development Goals 13, which deals with Climate Action, Goal 16 which deals with Peace and Justice, and Goal 17 which deals with Partnerships.

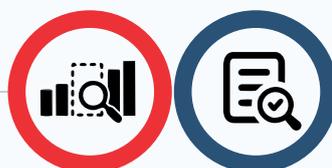
The mission statement for this survey is that “Without Peace, there can be no business and no development”

To determine the feasibility of the endowment fund, the following broad areas of enquiry and objectives were identified.

These are:

Objectives:

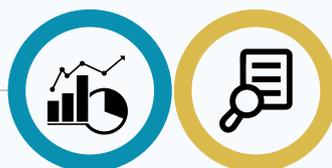
To ascertain how favourably disposed the private sector and other relevant stakeholders, CSOs donor agencies, and Investment Bankers are towards the idea of establishing an endowment fund for peace.



To develop a governance and management framework as well as a road map for establishing and implementing the fund.



To investigate and propose a set of strategies and incentives that could facilitate private sector investment in peace building.



To draw up a comprehensive list of individuals and organizations that could be invited to the follow up meetings of all relevant stakeholders.



The overarching question of this study is whether the endowment fund for peace is a feasible strategic option. This study is not a detailed business plan for the endowment fund. It provides a case for decision making on how to proceed and identifies many issues that will inform the development of a business plan. A business plan should be developed with stakeholders if needs be.

The analysis of the feedback from this co design process would help identify:



Key issues that should be considered in the design and initial establishment and longer-term implementation of the fund. Options on the design, structure, governance arrangements, investment strategy and potential co-investor base for the Endowment Fund as well as to ensure the commercial viability of the fund and its ability to effectively provide financing to the CSOs.



If the analysis deems that such an Endowment Fund would not be a viable option to pursue, the report will detail why this is the case, and also provide a range of alternate recommendations that can be pursued to further the objective of catalysing financing for CSOs.

RATIONALE

This study is important for three reasons. Firstly this analysis will help key stakeholders make informed decisions about options for financing peacebuilding and approaches to closing funding gaps. This should put them in a better position to raise new resource for their systems and own the process of sustainable financing. Secondly, the study collates opinion from a range of stakeholders within Nigeria that indicates the strength of support for the fund and identifies possible contributors. Thirdly, the study shows how timely, relevant, appropriate and useful the fund is and how it can complement existing resources to enhance access, efficiency and effectiveness in peace building. Finally, the study identifies other viable financing options.

METHODOLOGY

The research team designed a participatory methodology utilizing the concurrent mixed methods approach (quantitative and qualitative), contextual analysis, literature review and a stakeholder validation meeting to collect evidence and opinions on the feasibility and viability of the endowment fund so as to gain a comprehensive in depth understanding of the issues. The qualitative component gave context to the quantitative component. The data was integrated at the interpretation and reporting level and triangulated to arrive at the main evaluation findings. These strategies yielded an array of views on whether and how a fund could operate in a nation distinguished by diversity in its culture, geography, and economies.



This study had more than just research value. It began a process of building relationships with respected community leaders. This consultative process was an important first step in building a constituency base and creating a strong network of potential donors. A total of 268 people participated in the exercise.

RESEARCH LIMITATIONS

The study contended with a few limitations, including the number of surveyed respondents. This was due to the fact that the concept of the study went through several iterations resulting in a slight delay that caused the study to be carried out over a major holiday. The consultants were able to leverage on their existing relationships and networks to reach an appreciable number of respondents despite the constraints. As such, this study speaks of broader trends and analyses drawn from respondents.

SCOPE OF WORK:

The proposed endowment fund is a national project so the survey was designed to reach selected key stakeholders in the 6 geo-political zones. Six consultants were employed to elicit and collate the opinions of the identified stakeholders the zones via a survey and key informant interviews. There was no limit placed on the number of stakeholder organizations and persons that could be engaged within the short period of the survey. Stakeholders were selected from the following areas the oil and gas industry, aviation sector, financial institutions, manufacturers, telecom sector, CSOs, donors and nationally recognized thought leader and influencers. During the period of 16 December 2023 and 8th February 2024, a total number of 268 persons who were engaged responded to the questionnaires as shown in the table below:

Table 1

State/Zone	Private Sector/Individuals	CSOs	Investment Bankers
SS/SE (PH, Asaba, Onitsha)	20	50	2
SW (Lagos)	8	36	13
NW/ Zamfara	25	25	-
NW/Abuja	29	-	-
North	-	60	-
Total: 265	79	171	15

Desktop research was also conducted to review the critical role and the challenges faced by the CSOs and to establish the reasons and rationale for engaging the private sector in the quest for alternative sustainable financing options as well as international best practices with a focus on the African experience From this review, some conclusions and recommendations for the next steps of the project implementation were made. The results from the survey are the main focus of this report.

QUANTITATIVE DATA COLLECTION STRATEGIES

Four different questionnaires, targeting the private sector, CSOs, philanthropists and investment bankers, were designed and deployed as the key instruments for the quantitative aspect of the survey. (See appendix)

QUANTITATIVE FINDINGS

Data Analysis:

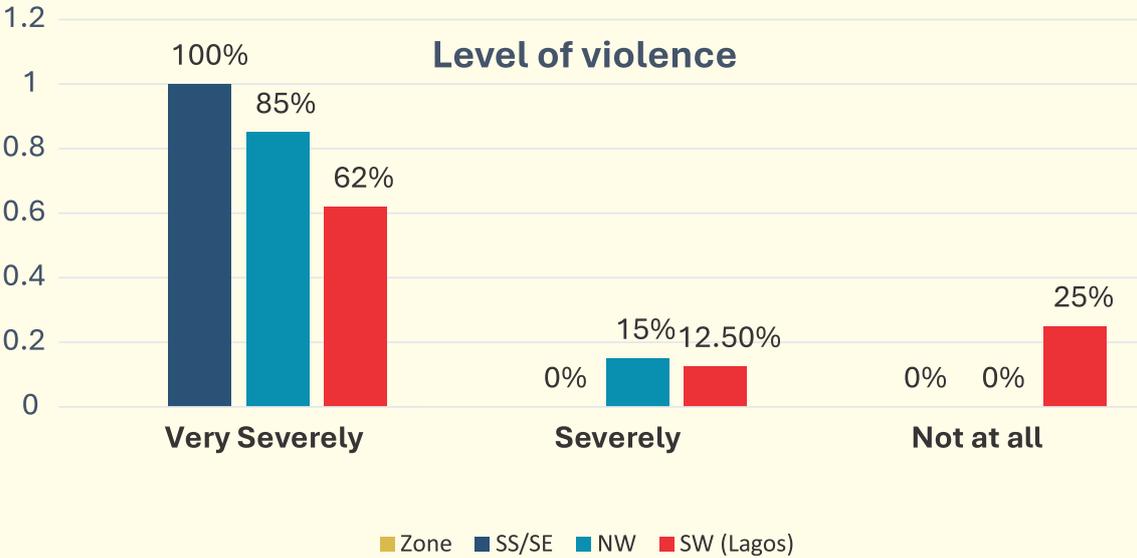
Private Sector:

Q1. How Severely was your business affected by the prevailing violence?

Table 1:

Private Sector			
How Severely has the prevailing violence affected your business			
	Very Severely	Severely	Not at all
Zone			
SS/SE	100%	0%	0%
NW	85%	15%	0%
SW (Lagos)	62%	12.50%	25%

CHART 1:



On the above question, most of the respondents readily agreed that their communities and businesses were very severely affected by the prevailing violence, conflict and insecurity in Nigeria. The nature of the insecurity varied according to the complexities of the region. Lagos particularly was not impacted as the other states.

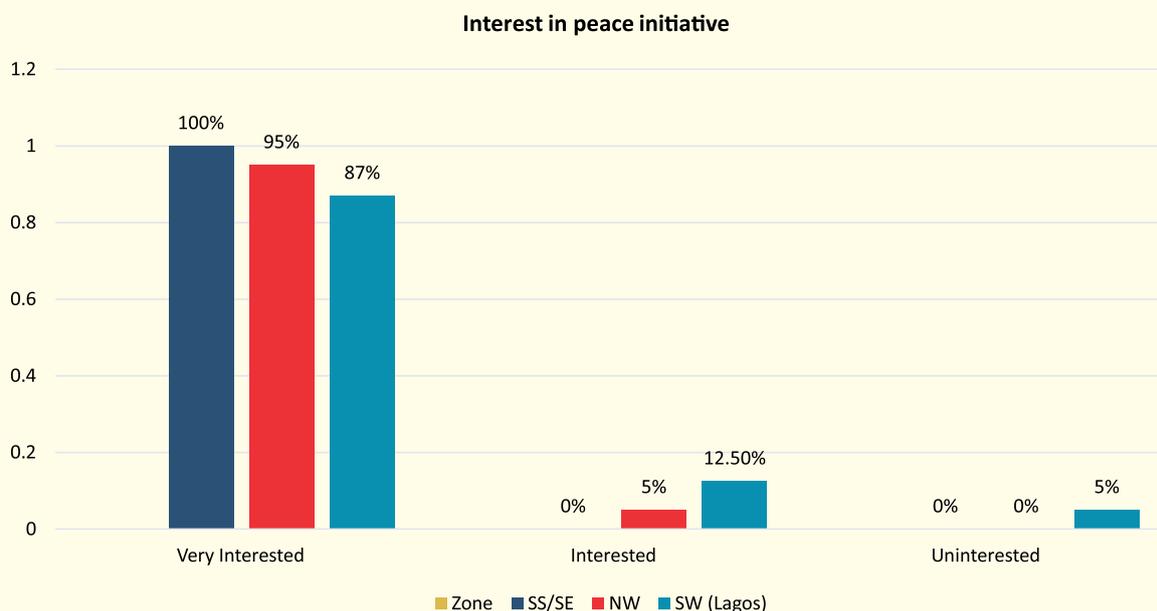
Farming which is the major trade of local dwellers in the northern states of Nigeria was adversely affected. This is because farmers and those in other farm produce businesses could not access farm outputs because of constant killing and kidnapping people for ransoms. This has resulted in food scarcity and inflation in Nigeria like never before. This has also resulted to increased poverty across the nation because people are afraid to work in their farms or travel for business ventures for fear of losing their lives. Different communities have been consistently invaded. During such, citizens are massacred, homes burnt, while many people are rendered homeless after witnessing the killing of their loved ones in a brutal manner. Today, many victims are still taking shelter in Internally Displaced Camps (IDPs), making lives unbearable for millions of Nigerian citizens who are without clue to this national deterioration. The numbers of displaced people are increasing daily, and the situation is still worrisome. These unsafe situations have left people with no sense of safety, resulting in psychological, emotional and physical traumas. A lot of children are not going to school because of these. Many young girls (the girl child) are being raped in the process. This is leaving huge irritating stigma and helplessness on victims, who are hoping to be healed. Today many Nigerians are suffering both the trauma and shame because of the unabated insecurity and crises still on the increase, necessarily because nothing substantial has been done to cube the menace.

Q. 2: Would you be interested in any peace initiative that is very likely to address the situation?

Table 2:

Would you be interested in any peace initiative that is very likely to address the situation			
Zone	Very Interested	Interested	Uninterested
SS/SE	100%	0%	0%
NW	95%	5%	0%
SW (Lagos)	87%	12.5%	5%

CHART 2:

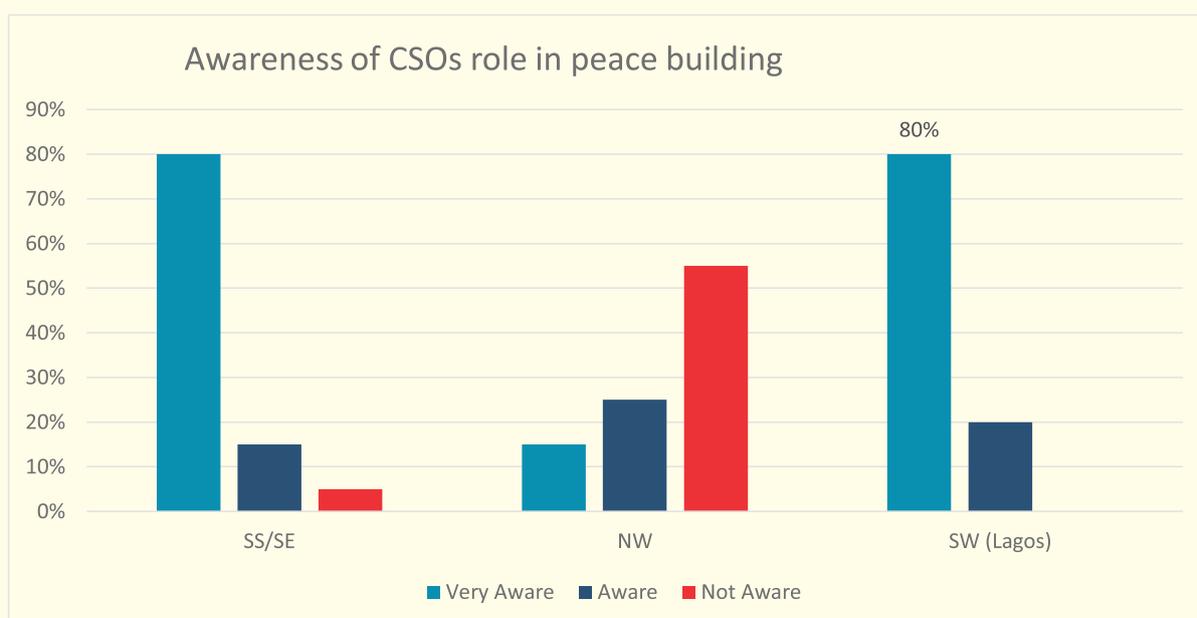


This chart shows how much those severely impacted by violence need change and peace. Nearly all the respondents indicated that they are interested and willing to get involved in any peace initiative that can effectively and significantly address the problem of insecurity in the country. They all believe that everyone and region will fare better when the insecurity situation is maximally tackled to enthrone peace and comfort of citizens. They attested that it would bring back citizen's confidence for peaceful co-existence and at the same time, boost both internal economic productivity and external investment opportunities for good of the country.

Q. 3: Are you aware of the role CSOs play in peace building and development in Nigeria

Table 3:

Are you aware of the role CSOs play in peace building and development in Nigeria			
	Very Aware	Aware	Not Aware
SS/SE	80%	15%	5%
NW	15%	25%	55%
SW (Lagos)	80%	20%	0%



This result reflects the distribution and proportion of CSOs across the regions who responded to the survey questionnaires. In Zamfara, the past APC Government banned the activities of NGOs for the suspicion that they were aiding bandits.

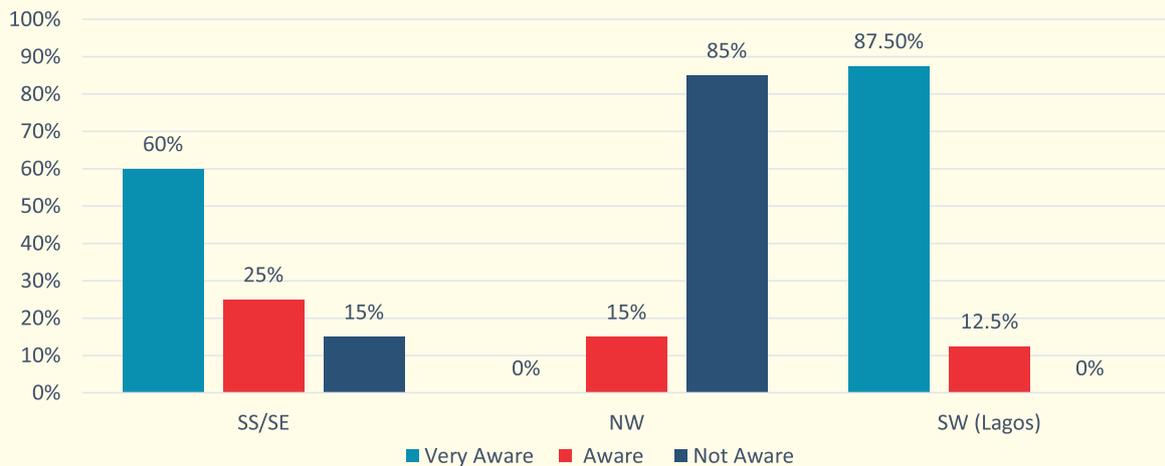
The majority responded that they are aware that CSOs play pivotal roles in intervening in violent and peace building. Worldwide, civil society organisations (CSOs) and nonprofits have long borne the duty of designing and implementing developmental interventions to address varying challenges. However, in Nigeria, government see CSOs as competitors rather than partners collaborating to solve issues. In this case, government agencies use their political muscles to influence, control and fight CSOs. Furthermore, the majority of the respondents perceived CSOs negatively and had very little confidence in their integrity and commitment. They are seen as being more concerned about raising money for their own personal needs. However, it was proven that some credible peace building CSOs have succeeded in the past and has been achieving much in Nigeria. A good example is the recent development of caring for the need of displaced citizens in the IDP Camps across the country. But again, emphasis was laid on the need for permanent solutions and the restoration of peaceful coexistence in communities.

Q. 4: If the answer above is YES, are you aware of the challenges CSOs face in performing there roles?

Table 4:

<i>If the answer above is YES, are you aware of the challenges CSOs face in performing their roles?</i>			
	Very Aware	Aware	Not Aware
SS/SE	60%	25%	15%
NW	0%	15%	85%
SW (Lagos)	87.50%	12.5%	0%

Awareness of the Challenges CSOs face



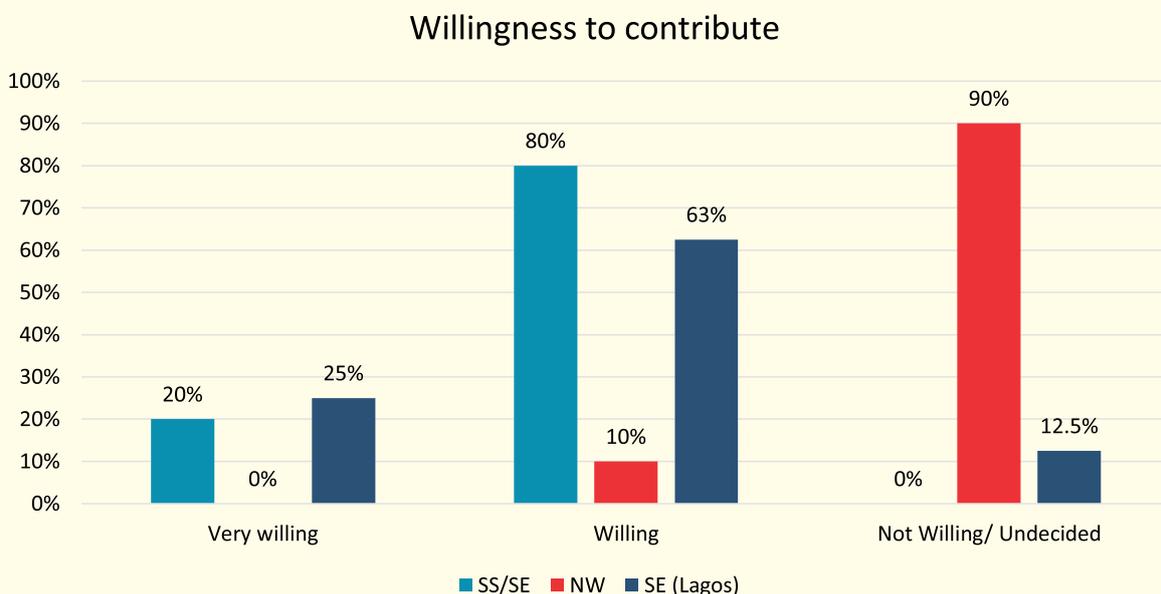
It was clear that CSOs are facing several challenges that hinder them from performing their functions effectively. Some of the challenges ranges from over dependence on foreign donor funding, which is usually inadequate, unsustainable and untimely. CSOs have been experiencing low or lack of funding support from government and corporate organizations having to align their interventions to fit external agendas which reduces the ability to generate tangible and impactful home-grown solutions to local challenges.

Q. 5: Will you be willing to contribute towards overcoming these challenges through a private sector driven endowment fund?

Table 5:

Will you be willing to contribute towards overcoming these challenges through a private sector driven endowment fund?			
	Very willing	Willing	Not Willing/ Undecided
SS/SE	20%	80%	0%
NW	0%	10%	90%
SE (Lagos)	25%	63%	12.5%

Chart 5:



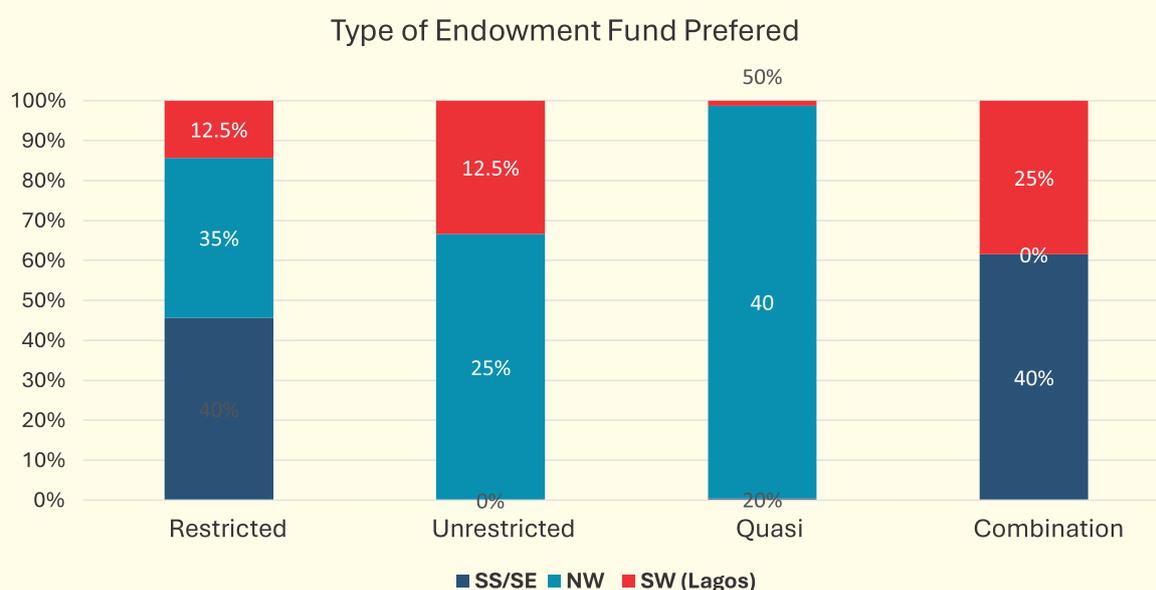
The majority of respondents were willing to assist or contribute towards supporting CSOs to achieve sustainable peace in Nigeria. Very few respondents pledged to give cash donations without visible proof of previous impact but were willing to bring in their experiences in getting well-meaning Nigerians to contribute and offer their professional skills and advice for effective fund management. The sustainability of the project will rely on the integrity of the CSOs to genuinely deliver and ensure that funds are well channeled with accountability and evidence.

Q. 6: What type of endowment fund would you prefer?

Table 6:

What type of endowment fund would you prefer				
	Restricted	Unrestricted	Quasi	Combination
SS/SE	40%	0%	20%	40%
NW	35%	25%	40	0%
SW (Lagos)	12.5%	12.5%	50%	25%

Chart 6:



The majority of stakeholders want their contribution to be used for specific purposes identified by them. This might reflect the peculiarities of the challenges they face.

The objective of the endowment fund will determine the type of Endowment Fund and how to manage same. There are three major types of endowment funds such as:

- (i) Unrestricted Endowment where assets are used at the full discretion of the institution.
- (ii) Quasi Endowment is a donation to the fund with specific purpose to deploy the capital.

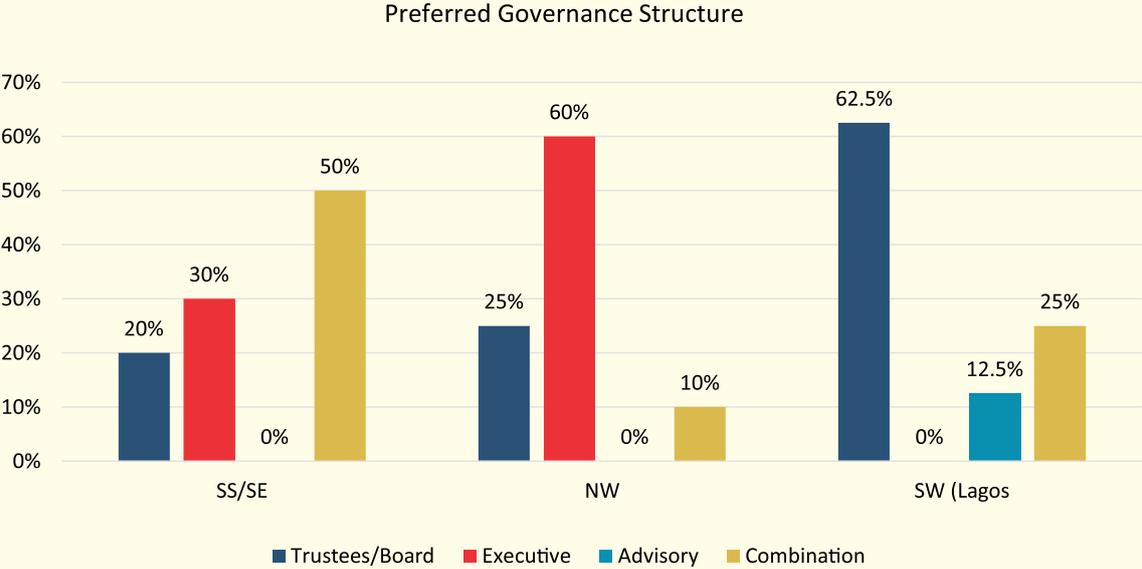
(iii) Restricted Endowment is an investment portfolio where the principal value from donation is held forever, and only the returns or investment income from the principal can be used for supporting the target beneficiaries. However, what is most important is the assurance of utmost sincerity and accountability of those managing the fund. This requires that those to manage the funds should be pragmatic individuals who can be trusted to boost the confidence of the donors. It is therefore important for stakeholders to consider people with track records and of high integrity for sustainability's sake.

Q. 7: What governance structure will you recommend for the fund?

Table 7:

What governance structure will you recommend for the fund				
	Trustees/ Board	Executive	Advisory	Combination
SS/SE	20%	30%	0%	50%
NW	25%	60%	0%	10%
SW (Lagos)	62.5%	0%	12.5%	25%

Chart 7:



The closeness of the preferences in this result shows that stakeholders and their comments show that stakeholders are more concerned about the integrity and character of the actors involved than the actual governance structure. More people (across the North) opined that Board of Trustees is the best structure for setting up an Endowment Fund, while others believe it should also include Executive Management Team. The second opinion inferred that having only the Trustees at the beginning may hamper operations because there is need for day-to-day running of procedures that will be handled by the Executive Management Team. The endowment Fund Management needs a proactive team to run its affairs.

QUALITATIVE DATA COLLECTION STRATEGIES

Purposive sampling was used to select leading individuals/opinion leaders/key informants from the non-profit sector, private sector, diaspora, donor agencies and government. They are people who had occupied positions of national and international influence and significance. The methodology allowed for input from multiple diverse stakeholders. A total of twenty nine in depth interviews were conducted either face to face or over the phone. The question in the quantitative survey were included in the discussions which delved deeper into the motivations, thoughts and feelings of the individuals regarding the need for PCVE activities and other relevant cogent insights based on their worldview and experience.

QUALITATIVE FINDINGS

FINDINGS AND RECOMMENDATIONS:

The desire for peace and normalcy is genuinely heartfelt and difficult to articulate. It was generally agreed that a huge quantum of funds is needed to address various peace building issues so as to bring about genuine sustainable peace and reconciliation between the various parties. Most respondents were supportive of any initiative that will help the peace process along. It is also agreed that this has to be owned by Nigerians as there are peculiarities to our social dynamics that can only be internally understood. However, there were mixed feelings regarding the creation of an endowment fund that would specifically finance the work of CSOs and NGOs. A variety of different reasons were given for and against;

AREAS OF COMMON AGREEMENT AMONGST THE RESPONDENTS INCLUDE

Some of the key findings and recommendations from the study include:

- The idea that alternative innovative financing must be explored beyond the concept of the endowment fund has strong support from potential stakeholders and beneficiaries. Many of the respondents felt that CSOs had become complacent and needed to look at ways of generating funds themselves by creating social enterprise units in house. This is an increasingly popular alternative worldwide. There are many unmet needs for peacebuilding investment across Nigeria; and there are new opportunities for domestic resource mobilization and fiscal reform to support sustainable development and reduce dependence on foreign donors.
- The financing gaps for peace building and PCVE in Nigeria are very large and no fund can fill the gap between what is currently provided and what is needed so varied options are required

- The Fund if and when it becomes operational can be funded from a variety of sources, including member subscriptions, contributions from corporate tax reform, philanthropy, and sequestration of proceeds of crime and tax evasion as well as diaspora remittances. Some or all of these sources of revenue could be ring-fenced and attributed to the fund.
- The Fund should benefit from global funds that work in the areas of climate change and environmental issues
- The Fund could be established as a small fund initially and should start on a scale consistent with realistic goals for initial capitalization depending on the willingness of Donors to commit resources.
- The Fund should give grants, concessional loans or provide loan guarantees for impact investing. A Trust Fund (TF) giving grants is much simpler to establish than a lending fund and more relevant given the lack of investment opportunities in the volatile economic climate. A TF needs capitalizing and periodic replenishment; a Loan Fund (LF) could become self-sustaining from interest payments over time but would need initial capitalization. A decision needs to be made on which option is best.
- A grant giving TF is much simpler to establish and administer than a lending fund, quicker to start up, and more relevant to the immediate term. It needs periodic replenishment. An LF needs larger capitalization but could become self-financing in the medium-term. Its loans generate debt with the risk of default.
- The Fund should coordinate and harmonise with other peacebuilding funding initiatives to avoid duplication and add value. One aspect of this coordination will be for stakeholders to agree on thematic priorities for the Fund.
- The Fund should be open to all areas of conflict within Nigeria. However, the Fund will need to be selective, especially in a startup period since it cannot work across all the country at the outset. It therefore needs to make strategic choices about where it will focus on initially and what level of activity it could sustain.
- Innovative sources of finance could contribute to the financial needs for peacebuilding and PCVE. There are many possible sources that include social enterprise creation, development bonds, debt rescheduling, philanthropic pledges, corporate tax reforms, diaspora tax credits and general fiscal reforms. Ideally most funding for the Fund should come from streams of revenue rather than ad hoc replenishments but given the volatile economic environment and lack of viable investment options, this might remain a pipe dream.

THEMATIC AREAS

Some key thematic areas emerged from the in-depth discussions and are critical for further tangible support and the long term success of the proposed fund. The proposed Fund carries with it risks that can be mitigated by careful concerted preparation. These are risks of getting the full support of the private sector, lack of committed seed funding & limited initial funding, lack of a trial pilot run, failure to replenish, lack of agreement on location, slow development of programs for grants and loans, lack of a collaborative spirit and difficulty in establishing its Nigerian identity. These need to be addressed beforehand.

There was a study by the Ministry of Defense UK called Global Strategic Trends 2010-2040. It sought to look at what the world would be like and they discovered that the major driver and threat would be global inequality and a widening of the gap in unmet expectations of people. When these expectations are not met, people will see it as injustice and a breach of their fundamental human rights. They will feel justified to pick up arms to correct this injustice and this is exactly what is playing out right now in Nigeria. Peace will only be long lasting and sustainable if the initiatives and programs are geared towards closing this gap otherwise the problem will persist and enlarge as the gap continues to widen. This overarching insight should be used to guide the focus and design of the project and its deliverables. Feedback shows that the communities want to be able to continue with their previous livelihoods and don't want to be told what they should do in an elitist manner. The endowment fund should not be broad in terms of the areas it covers. It should be narrowed to specifics, if not, it will be difficult to have and measure impact.

CRITICAL SUCCESS FACTORS

SEED MONEY

The resourcing of a fund is one of the more significant factors in determining its feasibility. The success of Existing endowments or foundations within Nigeria and Africa as a whole is partly due to the provision of initial seed money or credible pledges at inception. These monies have either been provided by wealthy individual patrons such as the Tony Elumelu foundation, Dangote Foundation and the TY Danjuma foundation or by Government such as the Lagos state Security fund which obtained seed funding from the Lagos State government before other corporate bodies committed substantial funds and The African Academy of Sciences (AAS) based in Kenya, which set up an endowment in 2001 with seed funding of \$5m received from the Government of Nigeria. These tangible commitments serve as a trigger to attract other donors and enhanced the perceived seriousness and credibility of the initiatives. This was apparent with the victim support fund established during Covid The lack of committed initial capital for the proposed endowment fund for peace building was responsible for respondents adopting a wait and see approach when it came to discussing the level of financial support they were willing to provide and they stopped at committing non financial support in strategic and operational areas.

PROOF OF CONCEPT PILOT IMPACT STUDY

To validate the idea, respondents wanted to see or hear about successfully completed initiatives or ones that were ongoing so as to assess the viability and impact and areas that the fund would address if operational. This would allow them to evaluate the process, build their understanding and assist them in coming to an informed decision regarding the type and level of their contribution.

PIPELINE OF BANKABLE PROJECTS

CREDIBLE CHAMPION TO DRIVE THE PROCESS AND A TRANSPARENT GOVERNANCE STRUCTURE.

A credible champion is needed to be the face of the project and to be seen to drive the process. The champion or champions should have innate networking and trust building skills and be used to interacting with high net worth individuals but are not necessarily high net worth individuals themselves. Trustworthiness in the world of high net worth individuals is a must and they must have the capacity to bring others on board. The Economic Summit Group could provide a good pool of possibilities. This initiative lacks one and further strategic advocacy is required to enlist one. The participants acknowledged the need for a transparent governance structure but the key issue that was emphasized over the particular structure was the credibility of the people chosen. The feedback highlighted the fact that the integrity of the people involved was more important than any structure or nomenclature for the governance

PRIVATE SECTOR FATIGUE AND LACK OF HARMONISATION OF INITIATIVES

The organised private sector is being targeted by a variety of different initiatives and some of them have the same focus on peace building and security at both the state and national level. This has caused some level of confusion within the private sector as well as fatigue and an unwillingness to involve themselves further especially since there are very little tangible results. Ecowas has a proposed peace building and PCVE fund, different states have security trust funds and they are all targeting the same private sector. In addition to these, the Federal Government has recently launched the National Philanthropic Office and is about to create a Trust Fund for Emergency and Humanitarian Response. The target audience for these is the same private sector which is beginning to resist being responsible for what it sees to be politically motivated problems. Any governance structure that doesn't give them some semblance of command and control will be difficult to sell. Unlike in most countries, our tax laws do not incentivize corporate giving. Additionally, an audit needs to be made of all existing peace building and security funds and efforts should be made to harmonise and build collaboration between them.

NEGATIVE PERCEPTIONS OF CSOS AND NGOS

Civil society groups, including Non-Governmental Organisations are a positive force for change and progress in society, oftentimes helping to bridge the gaps of alienation between government and the people. In developing and underdeveloped countries, civil society organisations have similarly helped to advance common causes. For anyone who may have forgotten, the Nigerian civil society led the struggle against military rule in this country, and fought valiantly to demand a return to civilian rule. The only gain was the common good. So, where is that same civil society today? The complexion of civil society has changed. And that is a source of concern. The perception is that the NGO and CSO community that were seen as a haven for good has become a vehicle for access to the good life. The legacy of the early heroes has since been overtaken by many who are out to make a quick buck or offer special services to the highest bidder no matter how shady the deal may be. Nigeria's Private Sector is mostly dependent on government patronage hence are somewhat reticent about aligning itself with civil society and they have a jaundiced view of Civil Society.

NGOs and CSOs need to be proactive in addressing this important issue. One of the immediate steps that can be taken is to document verifiable tangible success stories. One of the NGOs that participated in the exercise spearheaded mediation and dialogue in Benue state between the farmers and herders which resulted in the two parties creating a brand new association together and developing a responsive early warning system that is aligned to the national security system. This is one of the main reasons why the crisis in Benue has reduced significantly and has been out of the news.

PERSONAL SOCIAL RESPONSIBILITY VERSUS COLLECTIVE SOCIAL RESPONSIBILITY

Informal philanthropic giving is ingrained in the psyche of the Nigerian and Africans as a whole. In the Muslim North, their personal charitable giving is often scripturally structured as an endowment and there have been several national conferences on creating and structuring Islamic endowment funds. These funds are mostly family ones as opposed to collaborative. Personal social responsibility index is high although the collective social responsibility is low for a variety of reasons. These include the low trust levels that pervade society, disagreements, conflicting priorities and the ingrained suspicion of the agenda of CSOs so potential donors prefer to direct their funds to places where they have substantial control and are already addressing various types of needs.

Additionally, the giving environment in Nigeria is not conducive to Western-style philanthropy, that is donations from individuals to nonprofit organizations. There is a lack of systemic support for philanthropy. For example, Nigeria does not provide a tax incentive for donating to CSOs. Also, while Nigerians are generous people, that generosity tends to flow horizontally between friends and family members. There is not a strong tradition of donating vertically to CSOs. This informal style of giving may favor grassroots organizations, where individuals can trade on personal connections to access donations.

LACK OF INVESTMENT OPPORTUNITIES FOR THE FUND

The investment climate has to be conducive to the primary goals of an endowment fund which is to balance your investment and funding/philanthropic goals. Over and above the setting up of an endowment, the investment and funding objectives have to be aligned. All the components of the asset management strategy have to be balanced to ensure the achievement of the ultimate objectives. Namely:



The economic climate in Nigeria is extremely volatile and likely to remain so for the foreseeable future leading to a lack of investment opportunities that can fulfil the above criteria and most importantly, protect purchasing power. Another strategy would be to not limit the scope of the fund's investment universe by taking positions in asset classes worldwide, including niche and less liquid assets in private equity, real estate, hedge funds, and private debt markets. By diversifying broadly and accepting lower levels of liquidity, it is possible to earn higher returns. The problem with this approach is that there is insufficient expertise to consider investing the funds abroad amidst currency regulations and is extremely expensive.

OTHER IDENTIFIED OPTIONS

Some of the bankers and captains of industry interviewed suggested the option of social enterprises and Impact Investing as viable alternatives and this is supported by current thinking within the global humanitarian/development space.

SOCIAL ENTERPRISE-In a bid to become more independent from donors, financially resilient and accountable for their activities, CSOs are incorporating social enterprise tools. A social enterprise is an entity that uses traditional business strategies, such as selling a product or service, to raise funds for charitable causes. Unlike a traditional business, a social enterprise doesn't strive to generate maximal profits for its owners. Instead, its chief priority is to contribute to society and the greater public positively. By

doing so, they can emulate the success of institutions like the Grameen Bank in Bangladesh. This microfinance institution not only empowers communities economically but also generates sustainable revenue to fuel its social objectives. Most CSOs and NGOs mind set is largely people focused but doesn't normally include business skills and tends to be more outward than inward focused regarding sustainable funding. Additionally, at the end of every project cycle they look for funding in grant form and may spend as much as half their time looking for potential new donors.

In transiting to a social enterprise approach, Key steps have been identified that are required to turn business ideas into concrete action. The first step of the transformation into a social enterprise will be to explore suitable business models, which vary based on the type of organization. After these CSOs & NGOs had identified and discussed business models and potential products and markets they could potentially tap into, they often struggle turning these ideas into reality. Three factors come into play that are necessary for CSOs & NGOs to embark on the path towards becoming a social enterprise:



These three factors are key for early-stage social enterprises to not only secure alternative funding sources, but also ensure that they can continue to operate and support the communities whom they work with. Resources are needed to be able to play the role of a 'supporting force' to enable and empower some of these initiatives.

IMPACT INVESTING- these are investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return. The aim is to promote social development and economic stability. The growing impact investment market provides capital to address the world's most pressing challenges in sectors such as sustainable agriculture, renewable energy, conservation, microfinance, and affordable and accessible basic services including housing, healthcare, and education. It represents a huge pipeline of funds that CSOs can tap into but requires that they build skills in developing bankable projects.

CASE STUDY 1

FUNDACION PARAGUAYA

PARAGUAY

Enables people of limited resources to create jobs and increase their family income by promoting urban and rural entrepreneurship through: a microfinance program, an economic education program for young people, and a self-sufficient agricultural high school that teaches business skills to low income rural youth. Based and founded in Paraguay, it has aimed to replicate its model in other countries beginning with Tanzania. They received a \$150,000 loan to finance cheese-making equipment for one of its livelihood programs.

ALTITUD

MEXICO

Altitud helps low-income women in Monterrey, Mexico launch their own home-based sewing businesses. Since its inception, Altitud has helped more than one thousand women purchase sewing machines through small loans paid back over a period of 6-12 months. Altitud's holistic approach also provides free training and connects women entrepreneurs with large commercial sewing contracts, while women earn a higher income and can watch their children while working from home. Beneficial Returns provided Altitud a \$50,000 loan to launch additional sewing micro-enterprises in Nuevo Laredo State, Mexico.

GRUPO MURLOTA

MEXICO

Grupo Murlota is a 10-year-old social enterprise that operates in the poultry industry. They promote income generation for women in rural parts of Mexico while simultaneously improving nutrition. To date, they have helped over 40,000 women launch their own egg operations – from backyard installations for home consumption all the way up to commercial endeavors with flocks of more than 1,000. They also focus on free-range and organic eggs, which allows them to command a premium price. They received an impact investing loan of \$120,000 for the construction of a facility where they incubate chicks and provide hands-on training for new producers.

ATEC

CAMBODIA

ATEC designs and sells low-cost, patented biodigesters and electric cook stoves to small scale farmers in Cambodia. The business began operations in 2016 and has sold over 1,350 units as of end of 2019. Biodigesters use a biological process in which naturally occurring microorganisms break down organic waste to generate biogas and fertilizer. This provides significant impact by lowering expenses and improving crop yields of Cambodian households; the average family sees an increase in savings of \$521 per year. They received an impact investing loan of \$60,000 to help expand its new Pay As You Go (PAYGO) sales model in 2019. In 2021, it made another 2 loans totaling \$300,000 after the earlier loans were fully repaid.

DISCUSSION

CONCORDANCE OF QUANTITATIVE AND QUALITATIVE DATA

The merging of the data allowed us to identify areas of concordance and discordance between qualitative and quantitative results. The two measures agreed in terms of the need for sustainable long term financing that will provide significant level of core funding, flexibility and longer tenors. Both approaches also agree that the endowment fund is a viable option that deserves further interrogation and consideration. This finding makes sense as everybody wants return to normalcy, sustainable livelihood, safety and hope for the future.

Discordance of Qualitative and Quantitative Data

The merging of the data also highlighted areas of disagreement or discordance. Discordance occurs "if the qualitative and quantitative findings are inconsistent, incongruous, contradict, conflict, or disagree with each other" (Fetters et al., 2013, p. 2144). The first area of discordance is that while the quantitative suggests that the support for the endowment fund was overwhelmingly positive, and could be rolled out immediately in the present socio economic climate, the qualitative results suggests otherwise. The qualitative findings revealed that there were foundational elements that needed to be put in place like a scaffold to undergird the takeoff of the endowment fund. These would take considerable time to establish. The second area of discordance is that the quantitative results showed a high level of support for CSOs whereas the qualitative revealed significant reservations regarding the genuineness and credibility of CSOs in their work. The qualitative also identified other viable options whereas the quantitative results were markedly silent on this.

Methodological Implications

Implications for MMR Integration. The application of the methods revealed a high level of "fit" of data integration—coherence of the quantitative and qualitative findings. First, a synthesis of the qualitative and quantitative results showed that the findings were complementary with regards to the need for independent bespoke sustainable financing. This increases confidence in the research findings. Triangulation was used to verify the study's conclusions and to make the conclusions robust and to establish cross-validation between the methods. Second, the fact that the negative perceptions towards CSOs that was expressed in the qualitative data set but did not appear in the quantitative data set is referred to as "silence," that is, describing a situation where a theme or finding arises from one data set and not another. "silence" might be expected because of the strengths of different methods to examine different aspects of a phenomenon, but surprise silences might also arise that help to increase understanding and this added a new perspective to the discourse on sustainable relevant financing and warrants further investigation. Lastly The mixed evidence from this study fulfills one of the key objectives of MMR integration which is to provide greater insights into the complex aspects of the same phenomenon and/or the design of a new study. For this reason, the mixed evidence from this study is a positive occurrence because the findings give greater focus in terms of the next steps and the direction of further research.

NEXT STEPS RECOMMENDATIONS

It is very clear that there is a strong desire for funding and innovative finance that will drive contributions to more locally led causes and enable more flexible approaches to grant funding. This flexibility in core funding will enable grantee partners to self-determine their agendas, respond to changes in contexts, seize unanticipated opportunities, cover their operating costs, and invest funds where they are most needed. On the surface, it would appear that the enthusiasm for a dedicated endowment fund mechanism is so high that steps should be taken to roll it out immediately but a deeper interrogation reveals that there are important supportive elements that need to be in place for the successful takeoff of the initiative otherwise the fund is unlikely to capitalize at the required level. The identified critical elements are;

- Pilot Run- Proof of Concept
- Menu of Developed Bankable Projects
- Credible Champions
- Seed Money

Based on the evaluation of the Key Informant interviews, survey results, the desk research, suggestions offered by professionals, and the professional expertise of the assessment team, there are distinct options that should be implemented sequentially to arrive at the primary objectives of sustainable bespoke funding. This will also serve to build capacity and substance for the eventual take off of the endowment fund.

A hybrid sequential two pronged approach that can operate within an integrated structure



Support CSOs and NGOs in transitioning to social enterprises and in creating bankable projects for impact investing through relevant training and hand holding



Developing a business case for the endowment fund.

Support CSOs and NGOs in transitioning to social enterprises and in creating bankable projects for impact investing

This will require setting up a dedicated project preparation facility (PPF) and learning lab. The overarching goal of a PPF is to develop projects in a bankable manner. A project preparation facility provides financial, strategic and technical support to ensure that a greater number of projects in the country reach a positive conclusion and financial closure. Project Preparation covers the entire advisory, social, technical, and financial work required. The attached learning lab will ensure the transfer of the appropriate competencies to ensure sustainability. This will provide the needed support for both impact investment projects and social enterprise transition. A key component of the PPF will be a job creation toolkit that Estimates the total job impact throughout the preparation, construction, and operation of each project under consideration and thus providing a basis for developing jobs creation maximization strategies for the projects.

Existing PPFs in Africa are focused on creation of economic assets/infrastructure in the trade, manufacturing, transport, water, sanitation, power, ICT and telecommunications sectors. It also includes social infrastructure in the education and health sectors because of the sectors' potential to increase productivity, diversification of the economy and development of new markets as well as skill development (human capital).

There are funds and grants available for this specific purpose. A case in point is the PPF for the New Africa Partnership for Development that was funded by the AFDB. USAID also give project preparation grants. Existing donors within the existing PCVE ecosystem in Nigeria could see this as a way to solidify and sustain their impact whilst providing a viable exit strategy.

This product has the following benefits;

Creation of a menu of bankable projects

Ongoing projects that can act as a pilot run/proof of concept

Capacity building and transference of the necessary skills

Building a business case for the endowment fund

The next steps in establishing the fund will require the formation of a technical task force with an appropriate budget to make a specific proposal that takes into account the insights mentioned here for the funding location focus and modus operandi of the fund leading to a detailed business case and strategically focused advocacy to mobilize support at the highest levels. The mandate of this group could be to focus on structure, strategies, and processes to guide the fund's initial design, development, political framing; to develop a working theory of change for the fund; and outline its resource mobilization efforts.

Fundraising & Donor Cultivation

The following recommendations are offered to increase donor engagement and commitments to the fund and further research to close gaps in the understanding of the funding environment and prospects.

Launch consultations with selected funding organizations to more concretely assess their interest

Identify potential lead donor(s) and develop a fundraising strategy that includes opportunities for corporate and diaspora fundraising; and investment-based fundraising for grant-receiving organizations.

Conduct further desk research (scan) on financial and legal restrictions/ environment that might affect the ability of the fund to move resources around

APPENDIX A

CASE STUDY 1

How is MYSA making the transition from a NGO to a SSE?

MYSA was set up in 1987 by Bob Munro when he was working for UN-Habitat and UNEP in Nairobi. One day he went to the nearby Mathare Valley, one of the poorest slums in Africa, and saw four youths on a small patch of open ground kicking around a ball made of waste plastic bags and string.

He had a flashback to his own youth in a small Canadian town and thought why shouldn't these slum kids have the same chance to play and learn in organized leagues with real footballs, coaches and referees. So he made a tough deal with local youths leaders which, to protect himself, was that “if you do something, then I'll do something, but if you do nothing, then I'll do nothing”.

He now admits that deal didn't protect him at all. Once they had a basic organizational structure and clear goals, the many talented and determined youth just kept doing more things and then expected him to keep his part of their deal. That deal also became and remains a basic principle for all MYSA leaders and members: "If you get something from MYSA and the community, then you need to give something back to MYSA and the community".

In 1988, the first giving back activity by all MYSA members was, and still is, clearing the accumulated garbage and blocked drainage ditches which are chronic and often lethal threats to the health and lives of those living in the slums. That linking of sport with environmental cleanups immediately transformed MYSA from merely some football leagues into an innovative and pioneering development project which uses football as the starting point.

That pioneering of the now global sport for development and peace movement even earned MYSA two Nobel Peace Prize nomination in 2003 and 2004:

"A team from the slums of Nairobi have been nominated for the Nobel Peace Prize. The Mathare United Football Club (MUFC) and the Mathare Youth Sports Association (MYSA) are among the 165 nominees alongside such disparate hopefuls as Bono and the Pope.

In return for the facilities and organisation, the players keep their neighbourhood clean, plant trees and attend Aids, pregnancy and drug-awareness classes. There are scholarships too, for photography, music and drama. Teams get points for their work as well as their football." "The Pope, Bono and Mathare United FC", The Observer (UK), October 5, 2003.

A later BBC World Service radio programme on MYSA won the 2009 Foreign Press Award and included the following description:

"In the deep mire of poverty that is Mathare, a giant rotting shanty town of Nairobi, the Mathare Youth Sports Association (MYSA) has tapped the enormous passion for the game to create a unique programme of football coaching and social and personal development. Founded in 1987, MYSA has become Africa's largest youth organization. Participation and coaching is linked to voluntary public service. The senior team, Mathare United FC, built on this huge foundation ... gained national league status and then won two of three Kenyan Cup finals in the next four years. The message has not been lost on aid agencies elsewhere who have sought to use football as an instrument of post-conflict reconciliation in Liberia and Sierra Leone."

Today, 30,098 youth (20,107 boys and 9,991 girls) play on 2,052 teams in 234 leagues in 16 zones and also participate in the MYSA environmental cleanups, AIDS prevention, anti-child labour, jailed kids, slum libraries/study halls, disabled kids and many other community service activities which help test and develop their organizational and leadership skills.

Although MYSA has won many Kenyan and international youth tournaments such as the FIFA Football for Hope tournaments during the 2006 and 2010 FIFA World Cups in Germany and South Africa respectively, MYSA's most important and durable achievement by far is creating new heroes, role models and leaders on and off the field. Politicians are fond of saying the youth are the leaders of tomorrow. But in the Mathare and neighbouring slums, the MYSA youth are already the leaders of today.

Those community leaders include the MYSA management team which is largely drawn from its highest achieving members, although a few external experts in highly specialized areas such as financial planning and fundraising were recently recruited on short-term contracts as senior managers and mentors. But MYSA is still essentially run for and by the youth who take part in its activities and gives both its staff and hundreds of volunteer leaders an opportunity to test and develop their skills for achieving a brighter future for themselves, their families, MYSA and their community.

But success is often built on lessons learned from previous failures. For example, MYSA's most successful failure is Moses Mutuli who failed to win the competition for the goalkeeper position on the 1992 MYSA U16 team for the Eco-Youth Tournament in Brazil. Moses refocused on his studies, graduated at the top of his class at the University of Nairobi, won a Rhodes scholarship to Oxford University, qualified as an actuary, worked for Deloitte in London and South Africa and then headed the Actuarial Services Department at CfC Life Insurance in Kenya.

In 2011, Moses became the first MYSA alumnus to join the MYSA Board of Trustees. Another of the over 130,000 MYSA alumni, Patricia Musyimi, the newly elected (2017) Member of the Nairobi County Assembly from Mlango Kubwa Ward in the Mathare Valley, also recently joined the Board. Within 3-5 years, it's the intention that at least half and preferably more of the Board of Trustees members will be MYSA alumni.

How is MYSA being developed into a SSE?

During its 30-year history, MYSA has been, and presently remains, donor dependent. However, over the last two years MYSA staff have benefited greatly from intensive training on Performance Management led by MYSA Trustee Martin van Straaten (and one of the authors here). In 2015, with Performance Management as a new and innovative foundation, MYSA committed to and started its transformative transition from a NGO to a sustainable social enterprise.

In the last two years MYSA has already created three profit-making social enterprises:

- MYSA training/consultancy services on sport and community leadership
- MYSA Fitness Centre
- MYSA Sports Café

Other income generating activities to start in 2018 include:

- Renting the sports hall for external functions (e.g. weddings, meetings, etc)
- Upgrading and renting the playing field/stadium to other sports clubs/teams
- Selling branded sports equipment and other products
- Selling water from a recently completed borehole
- Building and managing a new Physiotherapy Clinic and services

Much of MYSA was already a social enterprise which previously provided its services for free. For example, MYSA has helped train many professional football players featuring in the Kenyan Premier League as well as in European leagues but with no return on its training investment. This will now change.

Thus, in addition to the above income generating initiatives, elite young players selected for special attention and training in the relatively new MYSA Talent Academy are now required, with their parents if underage, to sign agreements ensuring MYSA will receive fair training compensation when they become professional players.

As in most things in life, there are no quick fixes. However, MYSA has already pioneered and inspired the now global sport for development and peace movement. Over the next 3-5 years, MYSA now aims to again help pioneer and demonstrate how to make the transition from a donor dependent NGO to a sustainable social enterprise. MYSA can then also provide advice and training to help other NGOs make that transition as well and help bring sustainable social development for and by many more youth around the world.

APPENDIX B

VALUABLE DETAILED LEGAL PERSPECTIVE

SECTION 1:

INTRODUCTION 1.1: We are conducting a survey to gather insights from Legal practitioners, regarding the establishment of an Endowment Fund aimed at supporting CSOs to more effectively and sustainably mitigate conflict and insurgency in Nigeria. Your responses would help in making informed decisions on how to proceed in setting up the fund. Your participation is highly valued.

SECTION 2:

RESPONDENT INFORMATION

2.1: Organization Information: Please provide information about your organization:

NAME OF ORGANIZATION: Strachan Partners_____

PROFESSION: Lawyer_____

ADDRESS OF ORGANIZATION: No 8 Tokunbo Omisore Street Off Wole Olateju street Lekki

PHASE 1

CONTACT INFORMATION: Please provide your contact details.

NAME OF RESPONDENT: Charles Adeyemi Candide-Johnson Esq (SAN)_____

POSITION/TITLE: Managing Partner_____

EMAIL ADDRESS/PHONE NUMBER: CACJ@strachanpartners.com -----

SECTION 3:

3.1: What is the legal framework for setting up an Endowment Fund in Nigeria?

Endowments/foundations are generally organized as tax deductible donations entities under section 25 of the Company Income Tax. They can be incorporated under the provisions of the state in which they reside, or they can be set up as trusts. Under either approach, the proper filing requirements must be met. It's important to obtain legal counsel to ensure compliance with all necessary federal and state requirements.

There will also be governance considerations. For example, most endowments are set up as separate entities from the non-profit they support, paying formal grants to the non-profit. This structure requires a separate board of directors, officers, mission statement, and internal policies (e.g., spending, fundraising, mission statement, etc.). The most common practice is a volunteer board made up of community leaders or affiliated personnel, and a professional executive director whose role is to run the endowment's day-to-day administration, oversee fundraising efforts, and coordinate oversight with the board of directors.

To set up an endowment fund in Nigeria, you will need to file the following documents:

- a) **Certificate of Incorporation:** This is a legal document issued by the Corporate Affairs Commission (CAC) that certifies the existence of your organization.
- b) **Memorandum and Articles of Association:** This document outlines the rules and regulations that govern your organization.

- c) **Endowment Fund Policy:** This document outlines the objectives, policies, and procedures of the endowment fund.
- d) **Investment Policy Statement:** This document outlines the investment objectives, strategies, and guidelines for the endowment fund.
- e) **Gift Acceptance Policy:** This document outlines the types of gifts that the organization will accept and the criteria for accepting them.

3.2: What would be the process of establishing the Fund?

- i. **Define Purpose and Objectives:** Clearly outline the purpose and objectives of the endowment fund, specifying how the funds will be used and any restrictions on their use.
- ii. **Choose Legal Structure:** Determine the legal structure for the endowment fund, whether it's a trust, foundation, or another legal entity. Consult legal professionals to ensure compliance with local laws.
- iii. **Draft Governing Documents:** Prepare governing documents such as a trust deed, articles of incorporation, or a constitution, outlining the structure, governance, and operation of the endowment fund.
- iv. **Register the Entity:** Register the endowment fund entity with the relevant regulatory authorities, such as the Corporate Affairs Commission in Nigeria. This may involve submitting necessary documents and paying required fees.
- v. **Appoint Trustees or Board Members:** Select trustees or board members responsible for managing the endowment fund. Ensure that these individuals have the necessary skills and expertise.
- vi. **Fundraising:** Develop a fundraising strategy to attract donors and contributors to the endowment fund. Clearly communicate the fund's goals and how donations will be managed.
- vii. **Investment Strategy:** Establish an investment strategy for the endowment fund's assets to ensure long-term growth and sustainability. Seek professional financial advice for prudent investment decisions.
- viii. **Compliance with Tax Laws:** Ensure compliance with tax laws and regulations. Seek advice from tax professionals to understand any tax benefits, exemptions, or obligations associated with the endowment fund.
- ix. **Reporting and Transparency:** Implement reporting mechanisms to keep donors and stakeholders informed about the fund's activities, financial performance, and impact. Transparency is crucial for maintaining trust.

- x. **Monitor and Evaluate:** Regularly monitor the fund's performance, evaluate its impact, and make adjustments to the strategy as needed. This helps ensure the fund's long-term success.

3.3: What would be the appropriate governance structure for such a Fund?

An appropriate governance structure for an endowment fund typically includes the following key elements:

- i. **Board of Trustees or Directors:** Establish a board of trustees or directors responsible for overseeing the endowment fund. This group should include individuals with diverse skills, expertise, and a commitment to the fund's objectives.
- ii. **Clear Roles and Responsibilities:** Define clear roles and responsibilities for each trustee or director. This may include roles such as chairperson, treasurer, and secretary, each with specific duties related to governance and oversight.
- iii. **Term Limits and Succession Planning:** Implement term limits for trustees to ensure regular turnover and fresh perspectives. Develop a succession plan to smoothly transition new trustees into their roles and maintain continuity.
- iv. **Ethical Guidelines and Code of Conduct:** Establish ethical guidelines and a code of conduct for trustees to ensure integrity, transparency, and accountability in the management of the endowment fund.
- v. **Conflict of Interest Policies:** Adopt and enforce conflict of interest policies to manage and disclose any potential conflicts that trustees may have, ensuring that decisions are made in the best interest of the fund.
- vi. **Decision-Making Processes:** Define clear decision-making processes within the board, including how meetings are conducted, how decisions are reached, and how conflicts are resolved.
- vii. **Financial Oversight:** Assign financial oversight responsibilities to specific trustees or a finance committee. This includes monitoring investment strategies, budgeting, and ensuring compliance with financial regulations.
- viii. **Regular Reporting and Communication:** Implement regular reporting mechanisms to keep trustees, donors, and stakeholders informed about the fund's activities, financial status, and impact. Communication is vital for maintaining transparency and trust.
- ix. **Annual Audits and Reviews:** Conduct annual audits or financial reviews by independent professionals to ensure the proper management and utilization of the endowment fund's assets.

- x. **Legal Compliance:** Stay informed about and ensure compliance with relevant laws and regulations governing endowment funds in the jurisdiction, including tax obligations and reporting requirements.
- xi. **Advisory Committees:** Consider establishing advisory committees with experts in relevant fields to provide specialized advice and guidance on specific aspects of the fund's operations.
- xii. **Risk Management:** Develop and implement a risk management framework to identify, assess, and manage risks associated with the fund's investments and operations.

3.4 Which of these types of Endowment funds will you prefer?

- a. Unrestricted
- b. Quasi
- c. Restricted
- d. Combination of 2 or all

Restricted endowments and unrestricted endowments serve different purposes, and the preference for one over the other depends on the goals and vision of the organization managing the endowment. Here are reasons why a restricted endowment might be considered advantageous:

- i. **Focused Impact:** A restricted endowment is designated for a specific purpose, such as funding scholarships, supporting a particular program, or maintaining a specific facility. This allows for a more focused and targeted impact in alignment with the organization's mission.
- ii. **Long-Term Sustainability:** By restricting the use of funds to a particular purpose, organizations can engage in strategic planning to ensure the long-term sustainability of programs or initiatives. This helps in creating a stable financial foundation for ongoing projects.
- iii. **Enhanced Accountability:** Restricted endowments often come with clear metrics and benchmarks tied to the designated purpose. This makes it easier to measure and demonstrate the impact of the endowment, enhancing transparency and accountability to both donors and stakeholders.
- iv. **Attracting Specific Donors:** Some donors prefer to support specific causes or projects rather than contributing to general funds. Having restricted endowments can attract donors with a particular interest in supporting those targeted initiatives.

- v. **Mitigating Mission Drift:** Unrestricted funds may be more susceptible to mission drift, where resources are diverted to address immediate needs rather than the intended long-term goals. Restricted endowments provide a level of protection against such diversions.
- vi. **Careful Management:** Since restricted endowments are earmarked for specific purposes, there tends to be a more careful and intentional management of these funds. This includes strategic investment decisions and ongoing monitoring to ensure alignment with the intended use.
- vii. **Adaptability with Proper Planning:** While restricted endowments are intended for specific purposes, careful planning and foresight can allow for some flexibility within those purposes, adapting to changing needs without deviating significantly from the original intent.

3.5 What Governance structure do you think the endowment should have?

- a. Board of Directors/Trustees
- b. Executive Management Team
- c. Combination of (a) and (b)
- d. Advisory Committee
- e. All the above

BOARD OF DIRECTORS/TRUSTEES

FREESTYLE QUESTIONS

1. ARE You aware of any endowment funds in Nigeria/ Africa?

In Nigeria, the Asset Management Corporation of Nigeria (AMCON) is a government-backed endowment fund that was created to resolve non-performing loan assets. Another company that offers endowment fund services is Integrated Trust & Investment Limited.

In Africa, BUA Group Chairman Isyaku Rabi established a \$100 million Africa Endowment Fund for social development and renewal. The fund focuses on education, health, and social development sectors, starting with infrastructure and capacity development.

2. Have you been involved in establishing any of such?
3. What are the critical success factors?

Thank You for your response and contribution.



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