I am writing to you today to tell you about NGOsource. NGOsource, a project of the Council on Foundations and TechSoup, is a nonprofit social enterprise that helps U.S. grantmakers streamline their international giving.

In the early 2000’s, it became clear that U.S. international grantmaking was hobbled by regulatory mechanisms in place at that time. One clear challenge was ascertaining the 501(c)3 equivalency of grantees on each grant made, as demanded by the United States Internal Revenue Service. Issuing an ‘equivalency determination’ or ‘ED’ for each grant forced both foundations and grantees into arduous, often redundant, and expensive cycles of data gathering and submission.

To overcome this challenge, the Council on Foundations and Independent Sector issued a call to build a repository of ED information that would meet the needs of both the IRS and U.S. Foundations. TechSoup was awarded the contract to build the repository, which was named NGOsource.

NGOsource will mark our 5th anniversary of operations in 2018. By the end of this celebratory year we forecast to complete over 7,000 equivalency determinations, boast 300 foundation and donor advised fund members, and estimate to have facilitated well over one billion dollars in international philanthropy. NGOsource has undeniably changed the face of US-based global philanthropy and transformed the grantmaker-NGO relationship. Our repository-for-good model has not just reduced the expense and difficulty of international giving and helped increase the flow of change-making funds and expertise abroad; we have allowed more oxygen to flow into the grantmaking space, eliminating obstacles, and freeing foundations and NGOs do what they do best – change the world.

The world has indeed changed. When the concept of a cooperative equivalency determination repository first began to foment at the Council on Foundations, it was far from a foregone conclusion that this endeavor could ever move past the theoretical phase and see the light of day. More than a decade of blood, sweat, and tears was poured into this effort, and on March 7th 2013, NGOsource processed its first ED. With six members and armed with the belief that a rising tide raises all ships, the much discussed but yet untried hypothesis that a cooperative approach to international compliance was possible was put to test.
NGOsource has quickly emerged as the gold standard in facilitating international gifts and is the proof of concept needed to validate what was long suspected; the cooperative repository model can and does work. NGOsource is:

- An effective solution to overcome the constraints faced by US grantmakers in determining equivalency. The data and analysis NGOsource uses to issue an ED to one grantmaker can be used to issue EDs to other grantmakers. In this way, NGOsource makes international giving easier and more affordable for the philanthropic community;

- A fully operating multi-currency, multi-lingual solution currently available in English, Spanish, French, Portuguese, and Mandarin Chinese;

- A service used by more than 250 U.S.-based international grantmakers, including 9 of the 10 largest, as well as a range of smaller and medium-sized funders. NGOsource members include:
  - A range of corporate donors including Alcoa Foundation, The Walt Disney Company, Micron Technology Foundation, and Levi Strauss Foundation
  - Family foundations such as The Christensen Fund, The Greenbaum Foundation, Klarman Family Foundation, and The McKnight Foundation;
  - Large donor advised funds (DAFs) like Fidelity Charitable, National Philanthropic Trust, Schwab Charitable, and Vanguard Charitable.

- A shared repository that has received over 4,000 ED requests for NGOs in 123 countries facilitating an estimated $1 billion in grants. For a modest fee of $1,490-$1,760 for new EDs, $850 for renewal EDs, and $250 for pre-existing EDs, grantmakers receive a summary legal analysis, documentation to support the legal finding, and an ED certificate containing a legal opinion;

- A nonprofit social enterprise leveraging TechSoup’s 30 years of building capacity and trust in the field. The organization’s broad-based networks annually collect detailed information on more than 120,000 organizations, and it boasts a database approaching one million nonprofits.
The creation of NGOsource solved a problem that was thwarting philanthropy and slowing the flow of support to some of the best global projects. The core idea was simple. If grantmakers banded together to create a standardized ED service, EDs could be done faster, cheaper, and more efficiently for grantmakers and their grantees. Leading voices from the sector helped guide the idea of a cooperative ED repository from concept to reality. By partnering with TechSoup, the sector was able to leverage the organization’s technical know-how and one-of-a-kind global network to support this effort.

Beyond the numbers of organizations qualified as grant recipients, what has NGOsource meant for philanthropy? These comments from grantmakers speak to that question. For a full list of grantmaker and NGO testimonials, please visit http://www.ngosource.org/who-uses-it/what-they-say and find in-depth NGO impact stories on our blog at http://www.ngosource.org/blog.

“The Rockefeller Foundation has been a proud supporter of NGOsource since its inception. … Both practical and transformative, NGOsource addresses an acute need in philanthropy.”

Pamela Foster
Managing Director, Program Operations, and Associate General Counsel, Rockefeller Foundation

“NGOsource is an efficient and cost-effective tool for Humanity United and is a real benefit to the field at large. It significantly streamlines the equivalency determination process for our grants management and legal teams and, more importantly, makes it easier for our NGOsource-listed international grantees to raise money from US foundations down the road.”

Joel Beck-Coon
Senior Counsel, Humanity United

NGOsource and TechSoup are not done solving intractable problems afflicting and calcifying the flow of good to those on the front lines of global change-making. Though NGOsource was designed to overcome a very U.S.-specific regulatory challenge, it has now become a model and proof point for the effectiveness of the cooperative repository model. As we continue to grow NGOsource, TechSoup will look to apply our repository model to other issues affecting the sector and, as with NGOsource, usher in a new collaborative approach to state-of-the-art giving.

Sincerely,

Kevin Ryan
NGOsource General Manager, TechSoup
kryan@techsoup.org

Daniel Ben-Horin
Founder and Chief-Instigator, TechSoup
dbh@techsoup.org