

About BSR

A leader in corporate responsibility since 1992, BSR works with its global network of more than 300 member companies to develop sustainable business strategies and solutions through consulting, research, and cross-sector collaboration. With offices in Asia, Europe, and North America, BSR uses its expertise in the environment, human rights, economic development, and governance and accountability to guide global companies toward creating a just and sustainable world. Visit www.bsr.org for more information.

About CiYuan

BSR's three-year CiYuan (China Philanthropy Incubator) initiative builds innovative cross-sector partnerships to enhance the value of social investment in China. With guidance from international and Chinese leaders in the field, CiYuan improves the capacity of local foundations and nonprofits to serve as durable and effective partners with business. Ultimately, CiYuan will integrate philanthropy with core business strategy, foster collaboration, and inspire innovation. Visit ciyuan.bsr.org for more information.

About Merck

Merck is a global healthcare leader working to help the world be well. Through prescription medicines, vaccines, biologic therapies, and consumer care and animal health products, Merck works with customers and operates in more than 140 countries to deliver innovative health solutions. Merck demonstrates its commitment to increasing access to healthcare through far-reaching policies, programs, and partnerships.

Merck Identifies Grant Focus and Selects Nonprofit Partners for Project Supporting Youth Affected by AIDS in Sichuan

October 2012

EXECUTIVE SUMMARY

This case study reviews the process that Merck undertook to identify a focus and to select implementation partners for a new grant the company wished to make in Sichuan, China. With BSR's advice, Merck identified an unmet need—preparing AIDS orphans and youth affected by AIDS for productive work after school through vocational and life-skills training—and selected a combination of three non-profit partners to implement the US\$1 million (RMB 6.38 million) project over two and a half years.

The partnership that was officially launched in early 2012 after more than six months of preparation consisted of three nonprofit partners: China Children and Teens Fund (CCTF), the Liangshan Yi Empowerment Center (LYFE), and the Sichuan Women's Federation (SWF). Each partner was carefully selected and the partnership composition designed to maximize the unique strengths of each.

This case study explains how a company can identify a focus for a new program and determine criteria to evaluate and identify partners. It also explores why a combination of partners may be needed, and how companies can work with nonprofits to develop their project proposals. The study discusses the following lessons for other companies seeking to identify their grant focus, select partners, and develop quality proposals:

1. **To select a project focus, identify gaps instead of just needs**
2. **When considering partners, credibility and ability to reach the target population may be more important than subject expertise**
3. **A combination of partners may be the most effective, utilize different resources, and build each partners' capacity**
4. **View proposal development as an opportunity for capacity building**
5. **Corporate donors should challenge nonprofit partners to be ambitious while still recognizing partners' local experience and autonomy**
6. **Build capacity building and learning into project activities and use reporting as a reflection tool to drive continuous improvement**

BACKGROUND

Merck has worked with the Chinese government to combat HIV/AIDS since 2005 when it established the China-MSD HIV/AIDS Partnership ([C-MAP](#)). This comprehensive program has focused on prevention, treatment, and capacity building to address HIV/AIDS. In 2011, Merck employees met with AIDS orphans from Liangshan Yi Autonomous Prefecture in Sichuan and identified their need for additional support beyond what was provided by C-MAP. Merck began to explore whether it could contribute further support to the AIDS orphans through a scholarship fund, but was unsure what would be the best support.

With a Merck representative on CiYuan's International Advisory Board, Merck was familiar with BSR's broad network and understanding of local needs in China and asked BSR to:

- » Identify a focus for Merck's new grant.
- » Recommend the top three suitable nonprofits to Merck and then select one in discussion with Merck.

- » Work with the recommended nonprofit to develop a suitable proposal (including metrics and budget) to submit to Merck’s Foundation.

Recognizing the limited capacity of grassroots nonprofits in China, Merck and BSR both wanted the grant to benefit a grassroots nonprofit and contribute to building nonprofit capacity in China.

Background to the HIV/AIDS Problem for Youth in Liangshan

Liangshan Yi Autonomous Prefecture in Sichuan Province lies in southwest China. Out of the 2.4 million minority Yi population, over one million live below the poverty line. Liangshan Yi rural youth commonly lack economic and social development opportunities. This results in vulnerability to HIV infection due to the flow of drugs and high-risk activities throughout the area. As of December 31, 2010, Liangshan prefecture reported 1,241 cases of HIV-positive youth aged 15–19. Of these, 1,030 are male, 211 are female. There are 13,320 children under 18 years of age orphaned due to AIDS.

Many of the HIV-positive or AIDS-affected youth are not in school. For those still in school, few programs support them once they leave so many lack a stable income and basic social security. Some resort to theft, robbery, drug trafficking, and prostitution while living at the edge of cities, frequently ending up in prison and drug-addiction treatment centers. With their high-risk lifestyles, the lack of effective intervention, and the inability to receive routine testing and antiviral therapy, these vulnerable youth are often unable to be substantially helped by the time their symptoms are severe enough to be restrictive.

There is a clear need to help these youth gain better jobs and to provide them with the social, psychological, and medical support to ensure they can be physically and mentally healthy and lead fulfilling lives.

PARTNERSHIP ROLES AND RESOURCES

Merck and BSR had specific roles in identifying the project focus and nonprofit partners:

Merck: Funding for BSR support; decision making; due diligence; funding for nonprofits.

- Provide funding to BSR for supporting the project focus and nonprofit partners selection process.
- Provide suggestions based on C-MAP's experience to identify target group.
- Decide on project focus and nonprofit partners to support based on BSR's recommendations.
- Build a partnership with the nonprofit partners.
- Conduct legal due diligence on the nonprofit partners and compliance with relevant U.S. laws.
- Approve proposal and make grant.

BSR: Research project focus; assess and recommend nonprofits; help nonprofits develop and submit proposal.

- Conduct research on best practices in China and internationally on AIDS orphan programs.
- Research existing programs in China and needs of AIDS orphans to identify target group's unmet need for Merck to support.
- Develop nonprofit selection criteria, identify potential nonprofit partners, shortlist and interview nonprofits.
- Provide recommendations on nonprofit partner selection for Merck.
- Help nonprofits develop high quality proposal through mentoring, providing templates, and reviewing proposal.

IMPLEMENTATION PROCESS

Identify Need
Early 2011

Through a number of meetings with AIDS orphans and some nonprofits, Merck recognized the limited options AIDS orphans have after education and wanted to address this need.

BSR's Approach to Identifying Focus and Selecting Appropriate Partners



Identify Focus
May 2011

Merck asked BSR to help clarify a focus for the project and recommend an appropriate partner. To identify the project focus, BSR reviewed international and domestic best practices for projects supporting AIDS orphans, as well as common challenges. BSR also interviewed experts to understand the local needs and similar existing projects. BSR identified two main unmet needs:

1. Providing life- and social skills for AIDS orphans and youth affected by AIDS.
2. Providing technical and vocational training for AIDS orphans and youth affected by AIDS, which can help them get better jobs after they leave school and thus have a brighter future.

BSR also recognized a number of practical challenges to working with AIDS orphans, such as the difficulty identifying them and the sensitivities of being identified as an AIDS orphan. Other challenges included the need for support services to AIDS-affected youth beyond just funding, the difficulty in reaching rural populations, the pressure on orphans to leave school, and the poor quality of education in rural China.

Select Nonprofit Partners
June 2011

BSR recognized the importance of working with a government partner due to the political sensitivity of HIV/AIDS in China, the potential for the project to benefit from other government initiatives or funding, and for the opportunity to influence the government and draw attention to the unmet needs identified by the project.

BSR used two criteria to develop a shortlist of potential nonprofit partners based on:

1. Ability: Potential partners have existing or possible future AIDS orphans programs in Liangshan and at a scale desired.
2. Credibility: Potential partners are seen as credible organizations by the government and public.

Six nonprofits were short-listed and assessed according to the following criteria:

Criteria 1. Impact (weighting: 30%)	Criteria 2. Likelihood of success (weighting: 30%)	Criteria 3. Sustainability (weighting: 30%)	Criteria 4. Opportunities (weighting: 10%)
breadth vs depth	approach	local capacity building	PR/GR
need	capacity	safety	innovation
impact	experience	commitment	partnerships
influence	partnerships		

The criteria were weighted according to their importance. Criteria 4 “Opportunities” was developed to help Merck identify nonprofits that would provide opportunities such as testing new and innovative ideas, leveraging other partnerships, or providing public relations (PR) or government relations (GR) benefits to Merck. As these criteria were not critical to the nonprofits’ ability to have an impact, be successful, or be sustainable, the weighting was lower than the other criteria. A full description of each criteria is in Appendix 1 and the attached tool.

After assessing six nonprofits and discussing with them the opportunity to partner with Merck to implement a project to support AIDS-affected youth in China, BSR recommended working with three nonprofits on the project. BSR recommended

CCTF and LYFE, which were rated first and second in the assessment and who had previously worked together, along with SWF, who is an implementation partner of CCTF and is the local sponsor of LYFE. BSR recommended all three organizations because BSR believed the combination of the partners would make the program most effective and, because they had worked closely together before, such collaboration would be feasible.

Build Relationships Among Partners August 2011

Merck met with CCTF, LYFE, and SWF to discuss the program focus and define the roles each would play, as detailed in Appendix 2. BSR provided a template for CCTF to develop an initial proposal, which was reviewed by BSR and submitted to Merck.

Project and Proposal Revisions September 2011

Earlier BSR and Merck had discussed using the project as a way of building the nonprofits' capacity, both through the proposal development process and during the actual project itself. BSR therefore had an important role advising the nonprofits on their project strategy and plan by helping them develop a better proposal. Merck also agreed that each nonprofit should consider allocating funds in the project for activities that would build their internal capacity, such as staff training.

BSR developed a customized Excel template that combined a logical framework with a budget to help the partners define each of their roles, activities, targets, and budget responsibilities. This template is provided in the attached tool.

Project Proposal Submission October–November 2011

BSR worked with CCTF, the primary partner that would apply for and receive the grant, to collect the necessary supporting documentation and help complete Merck's online application. Merck undertook the appropriate due diligence to ensure the grant would abide by relevant U.S. laws. The project was approved and the grant was prepared for dispersal in early in 2012. Merck, CCTF, and BSR discussed the ongoing management of the grant, the relationship between Merck and CCTF, and the possibility of Merck providing volunteers to support the project.

Merck approved CCTF's grant application and project implementation began in Spring 2012. It was publicly announced at a major conference co-organized by the Ministry of Civil Affairs and 20 nonprofits committed to promoting development in Liangshan.

PROJECT RESULTS

Merck selected three nonprofits to work together in a single project lasting two and one-half years and costing US\$1 million (6.38 million yuan). Under the overall supervision and management of CCTF, the main implementing nonprofits are LYFE and SWF. Through working together, learning from each other, and sharing resources, each partner will increase their capacity to operate more effectively. The project will be implemented as part of CCTF's existing Spring Bud Project, which will aid in ensuring the project's sustainability.

Overall objective: Provide a series of training activities in life skills, health education, and economic development opportunities to out-of-school Liangshan Yi youth to enable them to fight HIV/AIDS challenges. Develop fundamental solutions to the problem of AIDS in Liangshan.

Goal 1: Target 500 youths 16–21 years of age (mostly females) who are affected by drugs, AIDS, and poverty and provide health- and life-skills training, vocational training, job placement, and legal assistance programs to help them obtain legal employment and steady income in the cities.

Goal 2: Target 600 HIV-positive youths 14–21 years of age, set up support networks, and provide peer education, treatment advocacy, and business support activities. Help them remain at home to receive antiretroviral therapy, behavioral intervention, and livelihood support.

Indirectly, the project will also benefit the families of the orphans (approximately 6,000 people) and those who provide support services to the orphans such as local government, women's associations, grassroots nonprofits, vocational training schools, teachers, and volunteer teachers (at least 50 people). In addition, the direct advocacy (such as through educational activities and educational materials) will benefit around 680,000 people.

LESSONS LEARNED

During this project BSR identified the following key lessons:

1. To select project focus, identify gaps instead of just needs

While it is necessary to identify all the needs of a target population, it is also important to understand which needs others are already addressing and which ones are not being met.

It is important to review domestic and international best practices to learn lessons from other projects and to identify the best approaches to meeting unmet needs. In this case, BSR discovered that scholarship projects already existed to support the education of affected youth, but that there were few projects preparing youth for life after school, or helping them obtain the best jobs possible. Through discussions with nonprofits on the ground and with experts, it was clear that a flexible approach was needed to provide both vocational training to the youth who would move to the cities, and entrepreneurship training with seed funding for those who would remain in the countryside.

2. When considering partners, credibility and ability to reach the target population may be more important than subject expertise

Helping beneficiaries requires local partners who can reach the target population, but such a population may be hard to identify and hard to reach. Partners must be able to overcome both challenges and be respected by the local population. Whereas subject expertise can be developed or obtained relatively easily through partnerships, gaining access to target populations and attaining credibility with the local population and government can take much longer and be much harder to achieve.

In this case, BSR sought to select nonprofits with a strong track record of working with the target population, and who were seen as highly credible and trusted by locals. These attributes were more important than the nonprofits' experience with vocational training or working with the target population, though the partners had some experience with these too, and had good approaches to the issues.

3. A combination of partners may be most effective, utilize different resources, and can build each partners' capacity

In some cases it is not possible to find an ideal partner that has all the skills, experience, connections, and credibility to implement a project. Therefore, combining partners who can complement one another's resources and skills is one way to overcome this and also build each partners' capacity for working together and learning from each other. It is important that the partners are able to work well together, trust each other, and that their roles and responsibility for targets and budget are clearly defined.

In this case BSR identified the need to have CCTF involved to increase the project's support and influence from the central government, increase the project's profile, ensure smooth project and financial management, and reduce political sensitivities. LYFE and SWF each had experience working with different target populations, had different training capabilities, and had complementary training content they could share. SWF could implement a larger-scale HIV awareness-raising campaign and engage local government, while LYFE could mobilize volunteers and use its existing center for project implementation. Meanwhile, although the three partners had worked together before (which meant it was fairly easy for them to work together again), BSR and Merck believed each could learn from the others, share resources, and collaborate even more closely.

4. View proposal development as an opportunity for capacity building

Chinese nonprofits have grown rapidly, but can still benefit from more guidance and expertise. A well thought-through proposal—while still reflected in the actual activities on the ground—is crucial to the success of the project. Donors have an important opportunity to influence and support the partner to ensure the proposal is high quality.

Corporate donors and third-parties should help nonprofit partners develop high-quality projects and ensure there is a clear link between outcomes, activities, and budget lines. Establishing appropriate templates is one means of doing this. In addition, holding regular meetings to discuss each component of the project is important, as is the flexibility of allowing for revisions in the proposal before being finalized. It is also important to speak with the partners' staff who will be implementing the project, not just those responsible for the relationship with the donor. In this case, BSR found that its clarifying questions encouraged greater dialogue between staff in the partner nonprofits, and because of the collaboration of the three nonprofits, it also ensured better dialogue between the partners.

5. Corporate donors should challenge nonprofit partners to be ambitious while still recognizing partners' local experience and autonomy

Often nonprofits are tackling fundamentally difficult issues without easy solutions. There can be many uncertainties affecting their work, and operating in China means working in an environment that is regularly changing. Nonprofits can be overly conservative to ensure they do not miss targets.

Donors should ask tough questions to encourage nonprofits to consider a variety of approaches or partners. The goal is to help them think differently or consider new ideas, and provide evidence to support their approach—ultimately to improve and fine-tune their ideas, not to force them into doing things they do not want to do or cannot do. Donors should ensure there is a logical connection between the problems and the proposed solution, as well as clear metrics to measure progress. Donors such as companies or foundations should encourage their partners to challenge the questions, listen carefully to their responses, and respect their partners' deep understanding of the local situation and their autonomy over final decisions made.

In this case BSR worked with CCTF and LYFE, allowing them wide latitude within their proposed project while supporting and challenging them to ensure they made a meaningful, sustainable, and measurable impact on the target population. This meant agreeing to focus on fewer of the target population but aiming to have a greater impact on each of them.

6. Build capacity building and learning into project activities and use reporting as a reflection tool to drive continuous improvement

BSR encouraged LYFE, as a grassroots nonprofit, to build capacity building into their entire project, and recommended that they allocate funding toward training their staff, volunteers, and partners. BSR also encouraged LYFE to collaborate more closely with SWF and share training manuals and other resources.

BSR encouraged CCTF to build an analysis section into their regular reporting templates to Merck to compare “planned” versus “actual” activities and provide explanations of any delays or changes. It was made clear that it was more important to explain the context and learnings from any changes, rather than worry about having to change activities. A specific section was added to the reporting template to explain the challenges the project was experiencing and what was being done to overcome them, ensuring that such reflection took place among the partners.

APPENDIX 1: CRITERIA USED FOR NONPROFIT SELECTION

Criteria/sub-criteria	Explanation
Criteria 1. Impact (weighting: 30%)	
Breadth and depth	How much impact on each person and how many people impacted through partnerships?
Need	What proportion of those impacted are in the most need?
Impact	What will be the change for those impacted?
Influence and awareness	How will this influence other nonprofits, government, media, communities etc. and have wider impact?

Criteria 2. Likelihood of success (weighting: 30%)	
Approach	How strong and proven is their approach to working?
Capacity	How strong and proven is the organization and the team who will implement?
Experience	Have similar programs been successfully implemented before?
Partnerships	Are the necessary partnerships in place and are they strong partners?

Criteria 3. Sustainability (weighting: 30%)	
Local capacity building	Will (and how many) local nonprofits' or other stakeholders' capacity be increased during the project; by how much and how (implementation only, training, other support)?
Safety	How sensitive is the program, the nonprofit, and its partners, especially with the government?
Commitment	How willing is the partner to be involved in this program and how important is it to them?

Criteria 4. Opportunities (weighting: 10%)	
PR/GR	Will Merck gain public relations or government relations benefits?
Innovation	What possibility is there for trying new approaches in scholarships/philanthropy?
Partnerships	Are there opportunities to engage other partners to leverage their resources?

APPENDIX 2: OVERVIEW OF THREE SELECTED NONPROFITS AND THEIR ROLES IN THE PARTNERSHIP

Nonprofit	Nonprofit Overview	Resources Brought to the Partnership	Role in the Partnership
China Children and Teens Fund (CCTF)	Highly regarded by the government as one of China's oldest nonprofits. Their Spring Bud Project began in 1989 and has a strong track record supporting girls in poverty and providing technical skills training, including in Liangshan. CCTF has a strong record working with companies, including a large project with China Mobile supporting 10,000 AIDS orphans.	<ul style="list-style-type: none"> » Credibility and respect with the government. » Well-known brand among public. » Project management expertise. » Ability to receive funding from international sources and provide official receipts. » Established system to monitor expenses. » Monitoring, evaluating, and reporting experience. 	<ul style="list-style-type: none"> » Responsible for the overall program design, training, and content. » Responsible for coordinating the organization and implementing the project in the implementation locations. » Develop project publicity and reports. » Financial management.
Liangshan Yi Minority Women's and Children Development Center (LYFE)	A grassroots nonprofit started in 2005 that is registered with the Civil Affairs Bureau with the sponsorship of the Liangshan Women's Federation. The center's main focus is supporting women and children who are affected by drugs, AIDS, and poverty.	<ul style="list-style-type: none"> » Local credibility among Yi minority. » Local presence on the ground to reach out to relevant target population (HIV-positive youth). » Intellectual property such as training manuals and advocacy materials. » Training center and strong networks with vocational training schools. » Large network of volunteers. 	<p>Implementation of the life skills, and technical and vocational training programs for HIV-positive youth 14–21 years of age.</p> <ul style="list-style-type: none"> » Undertake baseline study and collect case studies and data for monitoring. » Provide health- and life-skills training, organize local support groups, provide peer education. » Behavior intervention and treatment. » Work with vocational training schools to provide entrepreneurship training, seed funding, and business support. » Train and manage volunteers supporting the project.
Sichuan Women's Federation (SWF)	The Sichuan branch of the Women's Federation (a Government Organized Non-Governmental Organization [GONGO]) works across Sichuan to help women and children. It works closely with the local government and local nonprofits and has strong experience providing vocational training to the poor.	<ul style="list-style-type: none"> » Strong local government connections and relationships. » Local presence on the ground to reach out to relevant target population (HIV-affected youth). » Intellectual property such as training manuals and advocacy materials. » Experience providing vocational training and job placements. 	<p>Implementation of life-skills, technical, and vocational training programs for AIDS-affected and HIV-positive youth 16–21 years of age.</p> <ul style="list-style-type: none"> » Undertake baseline study and collect case studies and collect data for monitoring. » Provide health and life-skills training. » Provide vocational training. » Provide job placement services and follow-on support. » Engage local government in project.