

The Rotary Foundation Trustee

K R Ravindran in

Conversation

with

RID Ashok Mahajan

TRF is prospering because of the generosity of Rotarians and even non-Rotarians. What is the future of TRF?

TRF is already one of the greatest subscription based service organisations in the world. At this point we continue to rely on our members to raise the funds. In the years to come the generosity of members will be supplemented by the earnings from our permanent fund. In fact when the permanent fund reaches its stated goal of US \$1 billion (We have already exceeded US \$500 million) the income from that fund will be equal to what we accumulate from current levels of annual member contributions. More importantly TRF has recognised the need to leverage our resources with that of other NGOs and even multinational bodies. This means we are increasing our potency manifold and we will be reaching out to more people. The US \$100 million that Bill Gates pledged is an indication of the esteem that we are being held in and I think this is just a precursor of things to come. More and more organisations will want to work with us in the future simply because we are one of the best organised subscription based institutions in the world.

Even after spending so many millions towards eradicating Polio, we find that the going is not easy. There are some intrinsic pitfalls. Do you believe that Polio can be totally eradicated? Can the last four endemic countries stop polio?

The answer is “yes!” but let me restrict myself to the non

Indian status, as you know the Indian situation, all too well.

The WHO has made some specific pronouncements. It has categorically stated that by the end of 2007 there should be a 50 percent reduction in the number of infected districts and that by the end of 2008 transmission must be interrupted or that there should at least be a further 50 percent reduction in infected districts in relation to 2007.

The impact of the use of monovalent type 1 vaccine in Nigeria is already beginning to decrease the number of type 1 cases from March 2006.

Afghanistan and Pakistan has a bigger problem due to prevalence of both type 1 and type 3 polio in the cross border areas along the tribal region of the North West Frontier. Afghanistan and Pakistan must be tackled together and both countries continue to synchronise activities. Immunisation posts have been set up at key migrant gather-

ing areas and known border crossings between Afghanistan and Pakistan. Immunisation campaigns are being synchronised in these areas to vaccinate children that are travelling within these groups.

Elsewhere, the Ministry of Health of Saudi Arabia has issued a directive requiring all travellers aged less than 15 years from countries with recent or ongoing circulation of polio, and all travellers from Afghanistan, India, Nigeria and Pakistan, regardless of age, to provide proof of vaccination before an entry visa could be issued. Travellers coming from the four polio endemic countries, regardless of previous polio immunisation status, will also be required to receive an additional dose of OPV upon arrival in Saudi Arabia.

The largest grouping of Muslim countries has re-committed to the eradication of polio following the first-ever meeting of health ministers of the group.



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The Organisation of Islamic Conference (OIC), representing 57 countries, stated that eradicating polio “is an urgent priority.” Of the four countries that have never stopped polio transmission, three are OIC members (Afghanistan, Nigeria and Pakistan); even in the fourth, India, polio strikes many Muslim children. Saudi Arabia’s action will have a profound effect since every Moslem wants to travel to Mecca. So this is a clear signal that immunisation has no religious taboos.

As I said to begin with, I will not talk about the Indian situation which our readers are fully familiar with.

Rotary is unable to utilise fully the talents of Rotary’s ambassadorial scholars and GSE team members in promoting Rotary. Your comments?

By promoting Rotary I presume you mean joining Rotary and you are right. We have a major thrust on membership. Yet we forget that one of the major sources of membership is our alumni. We have invested a large sum of money on our scholars and our exchange students. The cost of such efforts over the last 25 years exceeds US \$1 billion and the total number of alumni produced by the Foundation programmes number over 105,000.

Potentially that is the number of new members out there. These are men and women who do not need convincing. They have already experienced the Rotary way and the Rotary fellowship. We have to reach out for them in an orchestrated constructive way. If we create a data bank of our alumni in each district and make concerted efforts to keep them with us we are bound to succeed.

Rotary Foundation spends millions on Peace scholars. Is Rotary’s gain going to be commensurate with our efforts to promote peace?

Clearly Rotary understands that we must address the issues of violence, genocide, inequality and poverty. We cannot afford to ignore these spectres which are

constantly surrounding us. Rotary also understands that there can be no losers in peace and no victors in war.

Moreover promoting peace is one of our stated objectives; but Rotary is smart enough to know that Rotarians are not inclined to directly get involved in these issues.

However we recognised that education can play a big part in equipping people with the knowledge and skills necessary to address these issues. We recognised the need to train greater number of committed persons in the field of international relations, peace studies, development, mediation and conflict resolution — in other words, to help create the circumstances that can bring about more lasting peace and stability in various regions.

For many years, Rotarians dreamed of building a university devoted to promoting peace. The bricks and mortar part of that dream proved impossible, but Rotarians weren’t swayed from their mission. Instead, they developed the Rotary Centres for International Studies in peace and conflict resolution.

These six centres were established by Rotary for International Studies in peace and conflict resolution in six famous universities around the world. Each year 60 students are graduating with a Masters degree thanks to Rotarians generosity.

Our peace fellows have confirmed to us that we never needed a building with lecture halls and desks to achieve our dream.

The results of our peace programmes touched me when at the recent Salt Lake City convention 400 of our peace scholars assembled to discuss conflict resolutions. It was a tremendous meeting and we were actually able to meet and talk with our scholars — graduates funded by us — who are already beginning to make a difference.

Two such persons were from my own country which as you know is embroiled in a civil war. They were

Ravindra Pathirana from the Attorney Generals office in Colombo in the South of Sri Lanka and Thevananth Thevanayagam from the Tamil Refugee Relief Organisation office in Jaffna in the North of Sri Lanka. Both were sponsored through their respective Rotary Clubs in Colombo and Jaffna.

What a fascinating meeting it was for them; they were both graduates from one of our Rotary peace centres. Initially they hated each other, then they were civil to each other, then they started speaking to each other, then they became friends and then having first argued about the conflict began to see things from each others’ view point.

In a way Rotary was already making a small difference in a major conflict.

Why is it that TRF does not collect a satisfactory amount from certain geographical areas? Any plans to popularise TRF in these areas?

A major component of TRF funds comes from Paul Harris Fellows. There are still some parts of the world where they equate the Paul Harris Fellowship to an honour and therefore there is a reluctance for even normally generous Rotarians to give towards a PHF. They consider this to be ‘buying’ a PHF. I often say they think that the PHF is the Victoria Cross or the Padmashri!! They must understand that the PHF is nothing more than an acknowledgement that they are a supporter of the Foundation — a receipt for the US \$1000 that one gives!

This thinking needs to change and perhaps it is changing. The cultural change we are looking for is akin to the views that some clubs had on women initially. They showed at first a reluctance to take in women, but with changing circumstances began to look at things differently. I am confident that in time attitudes on giving too will change.

Tell us about what the Foundation does with our funds for three years before expending it on projects.

As you say, contributions of Rotarians are invested up to three years. Thereafter they become available in full for spending in programmes. Investment earnings (interest, dividends, realised and unrealised market gains) are available to fund the Foundations operating expenses and the excess reverts back to programmes. For example last year the total earnings from investment was a record US \$105.8 million. The investment income from the Annual programmes Fund alone was US \$73.1 million, of which US \$37.6 million was used to pay programme operations.

The Trustees are responsible for formulating an investment policy and must approve all spending; but the investment management is entrusted to various top investment managers. The investment managers are evaluated on a semi-annual basis and the renewal of their annual contract depends on their performance vis a vis the market.

Over the long term, how and where we invest our money will be the key determinant of the returns generated by the Fund and the associated market volatility of returns.

Trustees decision will be based on how soon the money is required (for instance polio plus funds are needed almost on call, whilst permanent fund is more long term). Currently on the basis of the requirement of funds as per our programme needs and spending policy, the Trustees have developed the following asset mix guidelines (approx)

US Equities	45%
Non US Equities	18%
Fixed Income	22%
Hedge Funds	3%
Real Estate	8%

Of course these funds are subject to rebalancing as and when it is deemed necessary.

The Trustees have also spelt out detailed guidelines to be used in the management of each of the above funds.

There is a feeling that TRF can better report to individuals, about their earnings on their endowments. Please comment.

Perhaps you are right. But we are working on it.

The main problem is that currently we are working on an excel programme which was never designed for this or for the growth we are seeing.

Please understand that at present we have to track an endowment portfolio of approximately US \$220 million. There are over 500 named endowments above US \$25,000 and thousands under US \$25,000 in 453 Districts. The excel files we use to track these are not scalable. That means as the endowment keeps getting bigger the programme cannot cope with the increased demand. In fact on the way to hitting our targeted US \$1 billion, we have been warned that it will break!! So we have to fix it.

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The complexity is made worse by over 30 Permanent Fund restrictions possible for directing endowments at the individual donor level, that need to be tracked one by one.

TRF is working on building an integrated system solution to track our endowment portfolio. The system needs to mesh with the rest of our operations as well. It meant a detailed feasibility study and a large investment and that cannot happen overnight. But this is a high priority for the Trustees

and the Initiative task force is reporting on Phase 1 by April 2008. This is a big challenge for the Trustees but we will get there.

Recently TRF has been placing much emphasis on 'Stewardship'. What is the cause and what is TRFs view on the future?

This is true. TRF is very keen to support Rotarians and their projects. That is the very purpose of its existence. But in our anxiety to distribute these funds to Rotarians as quickly as we can, we did not pay enough emphasis on accountability and reporting.

In recent years we began to discover that reporting on grants were always not adequate and when reporting is not done correctly it means that there is always room for questionable practices.

You will be surprised to know that there have been cases of recognition claims being made for contribution of others, over invoicing of equipment and material, requesting of a match on contributions made by cooperating organisations (flow through funds), forging of documents and certificates and sometimes even outright stealing!!

To arrest these issues the Trustees set up a stewardship division, now headed by Heather Fosburgh.

The Trustees also put in place procedures which will be conducive to transparency and the promotion of proper stewardship. They also established minimum reporting standards. Today each district must have current, acceptable reports filed with respect to 70 percent of the open grants sponsored by the district and clubs. If a district fails to achieve this standard over two successive semi annual reviews, the district will be suspended from further grants until it brings its reporting levels to 90 percent.

The importance of acting with the highest integrity when dealing with Foundation funds cannot be minimised. Remember we hold the funds in sacred trust on behalf of other Rotarians worldwide.