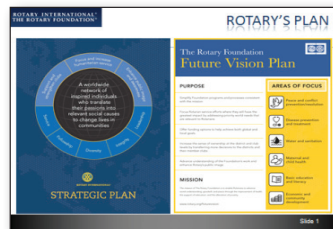


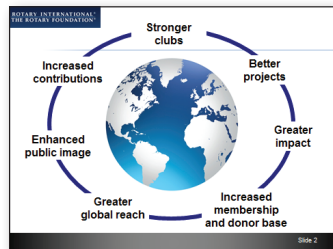


The Rotary Foundation's Future Vision Plan: Purpose and Benefits

We would like to give you a big picture perspective of The Rotary Foundation's future. You might call this "the view from 30,000 feet." We all refer to it as the Future Vision Plan, but it is bigger than just The Rotary Foundation's plan. It is part of a major strategic shift in Rotary — for both Rotary International and The Rotary Foundation. Through Rotary's strategic priorities, we are taking a hard look at how we can build on our strong history while addressing current and future needs of Rotarians, potential donors, and the communities and beneficiaries that we serve. Rotary's leaders and the Future Vision Committee are strongly committed to seeing the Future Vision Plan meet its intended outcomes.



This idea of an integrated Rotary effort and philosophy has many desired outcomes. With stronger, more innovative, and more flexible clubs, come better brand awareness and public image. With better service projects that are more focused and have a greater long-term impact, comes more interest in joining the efforts of our clubs — through membership, contributions, and collaboration in our service efforts. Ultimately, all these outcomes are a result of the efforts of our clubs and districts to do things a bit differently and keep up with the demand of the communities we serve both locally and globally.



But, first, a brief look back at how this all started. In the early part of the last decade, the Foundation experienced an explosion of Matching Grants. Rotarians had realized the value of our humanitarian programs. The staff was drowning in grant paperwork. We had become the victims of our own success. Under the leadership of Trustee Chairman Carlo Ravizza, the Foundation commissioned the worldwide accounting and consulting firm KPMG to conduct an assessment of our humanitarian programs.

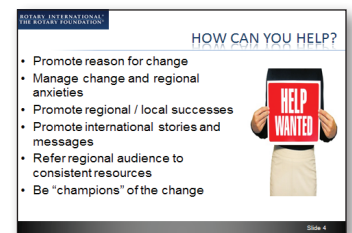
The initial reaction to the report was enlightening, although somewhat troubling, as the Trustees recognized that the existing business model would not be successful in the long term. It was the impetus for the creation of the Future Vision Planning process. The KPMG assessment reported several important findings. I want to highlight two of them:

1. The Foundation was processing smaller matching grants at an approximate cost of US\$1,500 per approved grant — basically the average cost exceeded the size of many grants at that point in time. The Trustees recognized the cost of doing business had to be re-evaluated.

2. The assessment also revealed the need to have a more targeted strategy on the areas of charitable focus the organization desired most. The Trustees recognized a need to satisfy our Rotarian donors but in a way that improved the use of donor funds for greater impact in the communities we serve. The Foundation could no longer be all things to all people.

Based on the KPMG assessment of our humanitarian programs, the Trustees agreed to take a holistic review of our grant-making model and the future of our Foundation. This included a strategic analysis of the Foundation's programs. The Trustees and Future Vision Committee evaluated all of our programs and service projects to see which areas of focus were of most interest to Rotarians. Using program evaluations and surveys of Rotarians, the Foundation created the Future Vision Plan's priorities and its six areas of focus which are the premise of the plan going forward. These concepts have been approved and endorsed both by the Board of Directors of Rotary International and by the Council on Legislation.

So we are coming today seeking your help. We need your help to promote the reason for change, sell the benefits of the plan, and promote the Future Vision Plan as a positive outcome for our Foundation. We recognize the anxieties and fears coming to the forefront regarding this significant change. Change is not easy, but we believe that this change will be for the long-term greatness of our organization. Promote the successes that the pilot districts have already achieved. Talk them up, and highlight their stories. And there are plenty of good stories to tell! Promote use of consistent information and resources for nonpilot districts.



And, finally, we look for all of you to be "champions" of the change for clubs and districts. While you may not agree with all elements of the change, we are asking you to speak in one voice about the positive possibilities of this change.

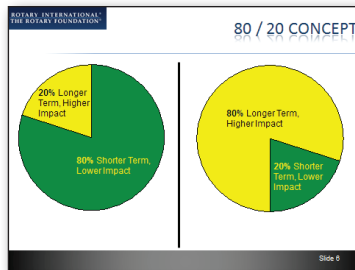
So, let's look at some of the fundamental principles of the Future Vision Plan.

The substantial majority of Rotary projects are conducted by clubs and districts without financial support from The Rotary Foundation. The Foundation only funds about US\$100 million to support these activities annually — just the tip of the iceberg.

Thousands of local and international projects are implemented without support from the Foundation. The value of all projects has been estimated to be between US\$500 million and US\$1 billion annually — but this is almost certainly underestimated.

The Trustees recognized the Foundation's limited resources should be used to fund those projects with the greatest impact in the communities being served and with long-lasting and measurable results.

Early in the planning process, the Foundation engaged in survey work, research, and analysis. One of the first concepts emerging in 2007 was this 80/20 concept. In the traditional programs, 20 percent of the Foundation's annual program budget outside of polio was being spent on grant activities that had a long-term impact, while the other 80 percent was spent on shorter-term activities with unknown or uncertain humanitarian impact to our beneficiaries. The goal was to flip this ratio so that 80 percent of funds would be spent on longer term, higher impact projects. And, this was the basis for the Global Grant/District Grant funding model adopted in the Future Vision Plan.



Again, early in the Foundation's planning process, the Trustees asked Rotarians, "What will our 'new' Foundation look like at the time of the Foundation's centennial in 2017?" Here are just a few of the answers that were key messages in building the plan.



- A world and a Rotary without polio. But, this cuts both ways. On the one hand, the elimination of polio will bring Rotary the success and prestige of eradication. On the other hand, this will also result in declining efficiency statistics because there will be no more large, administratively simple PolioPlus grants.
- Focused, significant service efforts including work with strategic partners.
- Increased giving from a larger donor base.
- Easier access with fewer transactions and quicker response times.

TRF is piloting and evaluating the new model designed to achieve five priorities:

- Simplify programs and processes
- Focus Rotarian service efforts
- Support global and local service efforts
- Transfer more decisions to districts
- Enhance Rotary's public image, particularly in the six areas of focus

This initiative addresses the growing needs and expectations of Rotarians. This has been truly a collaborative project — many have been engaged since its inception in preparing for this significant point in the history of our Foundation. And, as we complete the second year of the three-year pilot, you are critical parts of moving this forward in the years to come!

The Foundation Trustees are closely monitoring the pilot implementation of the Future Vision Plan. First and foremost, we are evaluating the overall satisfaction of Rotarians. We are looking at various aspects, including Rotarian participation in the Foundation's

activities, level of giving, club and district engagement, and overall satisfaction levels of our Rotarians, donors, and grant recipients and beneficiaries.

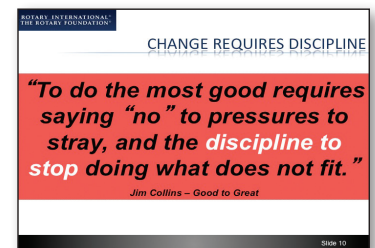
Second, we are evaluating the quality of projects and the fit with the six areas of focus. We must ensure our focused parameters are getting the results intended in the communities we serve and that our projects are sustainable.

Third, our business cycle times are being monitored closely to ensure we are serving grant applicants' requests in a timely manner. Be it through streamlined processes or advancements in grant management software applications, we keep a close eye on how quickly the Foundation supports these requests.

Fourth, we are always keeping a close eye on operational efficiency indicators monitored by nonprofit evaluators and benchmarking agencies. The Foundation wants to be known for being a highly rated charitable organization, a standing that will send positive messages to our donors, partners, and members.

Finally, none of this is done without keeping a strong commitment to the Foundation's fiduciary responsibilities. We all understand the need for stewardship practices to safeguard the Foundation's assets. Your Foundation leaders will continue to balance our goals with appropriate stewardship practices in our grant management.

Many of you may know this author and professor. In *Good to Great*, Jim Collins stresses the importance of discipline in decision making by charitable organization leaders. This is not easy to do, but it can have significant results.



Our leadership has shown tremendous courage and discipline in focusing the organization on the Future Vision Plan. Polio eradication is just one example of a focused, strategic initiative where our success is amazing though yet still to be fulfilled. The Rotary Foundation can achieve even greater success because of our collective commitment in implementing the Future Vision Plan. Rotary needs the continued collaboration of individual leaders like you acting together to help our organization and clubs all over the world realize their capabilities, reach, and impact by focusing on the most critical needs in the world.

We recognize you are valuable resources to promote the plan. We need your help to let others know. Many Rotarians and clubs still do not have any insight into the Foundation's future. Help us get the word out. Promote the basic resources available to all clubs. Reach out to all Rotarians in your zones. We know not all of them are interested in this, but we need them to be aware.

I personally thank you for your support. The Foundation Trustees ask for your commitment and support as the Future Vision Plan continues to be unveiled to the Rotary world.

William B. Boyd
Chair, The Rotary Foundation Trustees

Talking Points: Future Vision Plan

In 2005, The Rotary Foundation initiated a long-range plan referred to as Future Vision to prepare for its second century of service. The plan is designed to maximize the impact of Rotarian contributions by supporting larger-scale sustainable service projects that achieve greater public recognition. By simplifying its menu of global and local service opportunities and administrative processes, the Foundation is working to encourage greater participation at the club and district levels, strengthen members' sense of ownership of the Foundation's resources, and increase our membership and donor base.

The Rotary Foundation's new grant model under the Future Vision Plan will enhance TRF's capacity to support district and club humanitarian and educational projects.

- The Foundation recognized that it could better serve clubs and districts by streamlining its operations to improve efficiency and achieve a greater impact within Rotary's six areas of focus.

The six areas of focus provide direction for developing service projects, improving capacity to address needs, and showing the world that Rotary is a global leader in humanitarian service.

- The six areas of focus are: peace and conflict prevention/resolution, disease prevention and treatment, water and sanitation, maternal and child health, basic education and literacy, and economic and community development.
- These areas of focus represent issues in which Rotarians have demonstrated significant previous interest and activity, which will foster positive member engagement and project success.
- Rotary will have greater impact and support more effective and sustainable humanitarian projects with the new model. In 2007, the Foundation was spending 20 percent of its annual program budget on larger, high-impact grants and 80 percent on short-term projects with less impact. Future Vision reverses these percentages to support more high quality, sustainable projects that make a greater impact on communities worldwide, helping more people and enhancing Rotary's public image.
- All districts will begin using the new grant model on 1 July 2013. Transition timelines are currently available for clubs and districts.

The new grant model offers many benefits to clubs and districts.

- **Greater awareness and engagement** – The clarity and simplification of district grants make it easier for clubs to participate. Pilot districts report increased involvement of clubs in Foundation-sponsored projects.
- **Greater scale** – Larger grants and the emphasis on sustainability result in more projects that provide longer lasting benefits to more people.
- **Higher profile** – Being able to measure projects' effectiveness allows the Foundation to report quantifiable results. Shared with the world, these results will enhance Rotary's public image locally and internationally.
- **Greater enthusiasm and contributions** – Excitement about the enhanced opportunities offered by the new grant model has generated a renewed interest in giving and a greater sense of ownership among pilot districts.
- **Improved stewardship and accountability** – More streamlined reporting and a Memorandum of Understanding that clearly explains requirements, roles, and responsibilities will contribute to better overall compliance and transparency in grant management.
- **Greater efficiency** – The entire grant process is more efficient and more transparent. And payments are processed faster!
- **Greater club and district ownership** – Districts can now access more of their District Designated Fund for district grants, which provides more funding for projects and more control over DDF. Clubs and districts can determine their own level of involvement in global grants through projects with international partners or by applying for a packaged grant with one of our strategic partners.

- **Global grant scholarships** – Clubs and districts can select their global grant scholars in a timelier manner. And the sponsor's cost is lower because each global grant scholarship receives a World Fund match.
- **Vocational Training Teams** – Vocational Training Teams mark a return to the original vocational objectives of the Group Study Exchange program, while achieving more focused, measurable, and sustainable outcomes and retaining the opportunities to build lasting personal relationships and promote cross-cultural understanding.

The new grant model offers a simplified, more flexible approach, while encompassing a broad range of grant-supported activities.

- **District grants** are block grants that allow clubs and districts to address immediate needs in their communities and abroad.
- **Global grants** fund large international humanitarian projects, vocational training teams, and scholarships – all of which are intended to yield sustainable, measurable outcomes in one or more of the areas of focus.
- **Packaged grants** maximize resources by leveraging the financial resources, technical expertise, and/or advocacy provided by The Rotary Foundation's strategic partners.
- Grant options for **PolioPlus**, **Peace Scholars**, and **Disaster Recovery** will continue under the new grant model.

Under Future Vision, the focus is on sustainable projects and greater impact. "Sustainability" means that benefits continue to flow after the grant money is spent.

- Sustainability is defined as a project's capacity to maintain long-term outcomes that continue to serve a community's ongoing needs after grant funds have been expended.
- Sustainable projects offer enduring value and a greater return on Rotary's investment of money and volunteer hours.
- A sustainable project typically achieves significant buy-in from the local community, with mechanisms in place for training and exchanging information so the community can maintain results and address problems after the Rotary club's involvement has ended.

Report Card: The success of the new grant model will be measured over time.

- Success can be measured by increased Rotarian participation in Foundation-supported activities, increased giving to the Foundation, greater engagement of clubs, and more media coverage of Foundation-sponsored projects.
- The evaluation process will further measure success by providing data on the number of people who benefit from Foundation grants and the sustainability of projects.
- Rotarian input from the Future Vision pilot already is being used to improve the new grant model. Pilot districts have indicated satisfaction with many aspects of the plan (such as the simplified online application) and an increase in the sense of ownership at club and district levels.

Future Vision: A successful pilot, an exciting prospect

"To do the most good requires saying no to pressures to stray, and the discipline to stop doing what does not fit."
— Jim Collins, *Good to Great*

INCREASING OUR

Scale

Impact

Efficiency

Collaboration

Support

"The Future Vision pilot has been a success in that larger-scope projects are being undertaken. A consequence — perhaps unintended — is clubs working together to accomplish these projects. The result is greater good being done at the project sites, and goodwill and better friendships at the participating club level." — **Brian Bishop, District 7980 (Connecticut, USA)**

Project: Water and sanitation global grant in Sierra Leone

Rotary club sponsors: Freetown, Sierra Leone & Fishers, Indiana, USA

Cooperating organization: World Hope International

Project budget: \$303,517

Results: Rural communities had 71 wells installed that will serve 71,000 people and established community committees to maintain the wells for the long-term.

High praise: "With the contribution of water wells from Rotary International, Sierra Leone will go a long way in providing safe, clean water and healthy living for people."
— Ernest Bai Koroma, president of Sierra Leone

72%

of pilot districts say that host sponsors now have greater control over the project.

"We're seeing an increase in giving to The Rotary Foundation because of the opportunities Rotarians have to use district grant money in their own communities. So district grants are a win all the way around." — **Pam Russell, District 5340 (California, USA)**

"We have a total of 16 clubs participating in the district grants program in just the first two years. Under the previous Matching Grant and District Simplified Grant schemes, we had at most only three or four clubs participating in any one year. We are also increasing our number of Rotarians making personal donations via EREY, the Sustaining Member Club, and the Paul Harris Society." — **Joanne Schilling, District 9550 (Northern Territory and part of Queensland, Australia, and Timor-Leste)**

Project: Economic and community development global grant scholarship

Sponsors: Districts 9600 (part of Queensland, Australia; Papua New Guinea; and Solomon Islands) and 1600 (The Netherlands)

Project budget: \$30,000

Results: Australian Alex Dalley is pursuing a master's degree in business administration at Erasmus University in the Netherlands, which he plans to use in building relationships between large global agricultural retailers and small farmers in developing countries.

Quotable: "If you can establish a modern, sustainable distribution and supply chain between small farmers and various food markets, governments will be more inclined to improve roads, power, and infrastructure." — Alex Dalley

90%

of pilot districts say the new grant model is excellent or good.

"District grants have been oversubscribed in the last two years, whereas in previous years, DDF was not applied for by clubs, as the process seemed too difficult and drawn-out."
— **Howard Tong, District 9940 (New Zealand)**

Project: Disease prevention and treatment global grant vocational training team in Uganda

Sponsors: Districts 6560 (*Indiana, USA*) and 9200 (*Eritrea, Ethiopia, Kenya, Tanzania, and Uganda*)

Project budget: \$77,284

Results: U.S. surgeons and other medical staff performed life-saving surgeries on 11 young people in Uganda and trained Ugandan medical personnel in specialized pediatric heart surgery and postoperative care.

Notable assistance: The team's visit was coordinated by Grace Agwaru, of the Rotary Club of Soroti Central, Uganda, who was the first person to receive heart surgery through a Rotarian-sponsored Gift of Life program.

91%

of pilot districts agree that a common grant-funding model simplifies the process.

Project: Disease prevention and treatment global grant in Mali

Rotary club sponsors: Bamako-Amitié, Mali & Capitol Hill (Washington, D.C.), USA

Project budget: \$60,000

Results: Provision of insecticide-treated bed nets, physician services, and medications to help prevent and treat malaria, one of the principal causes of suffering and death in Mali.

Winning tactics: In Mali, a survey of local households targeted the number of bed nets needed. In the United States, Rotarians used social network Crowdrise to raise funds for the project.

"Smaller clubs have begun to embrace the process and to actively seek ways to work with other clubs — both within and outside our district — to create larger, more sustainable projects." — Cecelia Babkirk, District 5170 (*California, USA*)

20%

of pilot districts reported challenges with area of focus requirements in November 2011, compared with 40% nine months earlier.

"After clubs learned more . . . they showed their support for the Future Vision Plan, got a better grasp of district grants, and participated more actively. As a result, we had many meaningful projects in various areas."

— District 2650 (*Fukui, Kyoto, Nara, and Shiga, Japan*)

Project: Basic education and literacy global grant vocational training team in South Africa and the United States

Sponsors: Districts 7980 (*Connecticut, USA*) and 9400 (*Botswana, part of Mozambique, parts of South Africa, and Swaziland*)

Project budget: \$75,000

Results: Vocational training teams of early childhood educators from South Africa and the United States shared best practices, participated in online teacher training, visited preschools, and exchanged ideas on preparing young children for formal education.

Future plans: The teams plan to continue their collaboration, and the sponsors hope to establish pilot educational centers in South Africa.

Project: District grant

Sponsors: Clubs in District 5020 (*parts of British Columbia, Canada, and Washington, USA*)

Project budget: \$187,889

Results: The grant funded more than 10 international projects (e.g., the installation of solar panels on the roofs of schools in Peru and the Philippines, and provision of books and teacher training in Kenya) and local projects (e.g., the purchase of defibrillators for school events, and scholarships for two students selected for their outstanding ambassadorial ability).

Why it worked: The clubs chose to sponsor such a large number and variety of projects because the Future Vision pilot enabled them to develop efforts that fit their capacity, passion, and expertise.