

The Strachan Foundation

*Twenty-Three Years of Giving Grants to Innovative Projects
in Central America*

Report: 2002-2017



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INTRODUCTION

The Strachan Foundation has been in existence for twenty-three years, benefitting thousands of children, women and men in Central America through the work of highly qualified and inspiring grantees. Although the philosophy and focus of the foundation have remained constant throughout those years, innovations such as the Strachan Seminar and the introduction of Restorative Practices into the work of grantees has contributed to stronger and more effective organizations.

This report is both descriptive and reflective. The first part describes the foundation's vision, mission and history, the legacy of the Strachan family, how our donations have been distributed in the region, who our grantees are and the type of work they have been involved in. The second part of the report focuses more on how we manage things and what we have learned during the last decade. We have spliced in stories that illustrate the activities and effectiveness of grantee programs.

We play a small part in the efforts to make Central America a better place. It is our grantees who are the motor for change in the region. We are deeply impressed with how much they have accomplished under difficult circumstances and with few resources. We recognize that it is their efforts, their talents and those of the volunteers they mobilize, that are the key contributions causing positive impact and solving problems. We are honored to have had the privilege of providing some support to their efforts. We hope you may be inspired by their stories as we have been.

HISTORY AND LEGACY

The Strachan Foundation was established in 1994 by Harry W. Strachan to honor the work of his grandparents, Harry and Susan B. Strachan, his parents, R. Kenneth and Elizabeth W. Strachan, and his aunt and uncle, W. Dayton and Grace S. Roberts. These individuals were the founders and leaders of the Latin America Mission and admirable social entrepreneurs. With their colleagues they created over 20 different ministries throughout Latin America from their headquarters in Costa Rica. Their faith led them to make important contributions to the struggle against poverty, illness, ignorance and injustice and the Foundation strives to continue that legacy.



Standing top center: Dayton Roberts & Kenneth Strachan
Left to right: Elizabeth Walker Strachan, Susan Strachan, Harry Strachan, Grace Strachan Roberts
Children left to right: Harry & Cathy Strachan, Paul and Susie Roberts

The legacy of the Strachan -Robert's family encompasses a variety of activities and institutions in Central and South America that are still making social contributions today. One of those institutions is the Hospital Clínica Bíblica, one of the most prestigious hospitals in Costa Rica. Others include Roblealto day care centers and camp activities, seminaries and schools, radio stations and publishers.

Working closely as a consultant with the Clínica Bíblica over the last twenty years, Harry has noted four components of successful ministries of his ancestors which are relevant to the work of the Strachan Foundation and its grantees. The components are: service, relevance, excellence, and collaboration.

Service. Harry Strachan's grandfather believed that "serving God and others does not diminish life, it enhances life. Give with joy, for it is in giving that you receive." That spirit of giving to all without reference to social class, religion or race was at the heart of the hospital and other ministries and is part of the DNA of the Strachan Foundation.

Relevance. Harry's grandparents believed that each generation faces unique challenges with specific opportunities available at the time. When they built the Clínica Bíblica they searched for the model that best suited Costa Rica and then built into the organization a culture of "constant adaptation". This ability to adapt, to shift strategy with changing needs and stay relevant is part and parcel of what our grantees are doing in their countries. Organizations like ConTextos in El Salvador do this by bringing tablets to reading and writing programs they offer in schools and prisons; AMOS in

Nicaragua has adapted cutting edge techniques and ways of doing community development in rural areas of the country.

Excellence. The Strachan-Roberts parents and grandparents believed that good stewardship meant fully developing the talents God had given a person. Whatever you do, do with all your heart soul and mind. Measure yourself against the best. Excellence pays. The Strachan Foundation grantees continuously look to be the best they can be in their programming and service of the poor and vulnerable and through the Strachan Seminars for our grantees we try to help them achieve this.

Collaboration. The reason that so many of the ministries founded 50-90 years ago exist and are thriving is that the Mission focused on recruiting, motivating, and preparing the next generation. They invested in people; pushed them into positions of leadership early; thought about succession. The Strachan Foundation encourages grantees to invest in their people, pay attention to their governance structures and think about succession.

FOCUS AND ACCOMPLISHMENTS

FOCUS OF THE STRACHAN FOUNDATION'S GRANTS

The Strachan Foundation focuses on two broad areas: education and health. Education includes both formal and non-formal education and includes both targeted projects and scholarships.

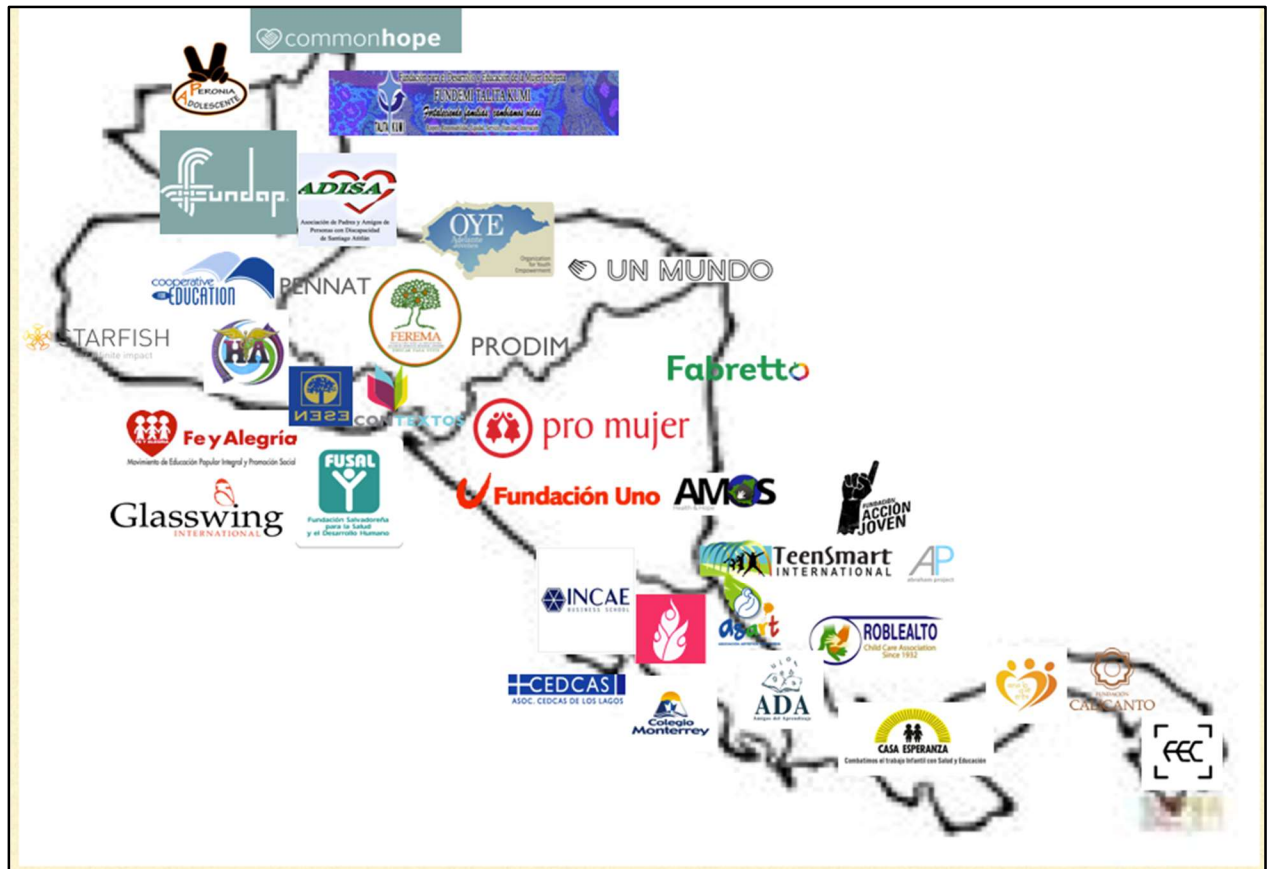
It seeks to invest in innovative programs that prepare and empower people and communities to solve the problems they face. Although some of the grantees have strong spiritual orientation and heritage, the Foundation does not provide support for projects whose primary objective is to spread a specific spiritual message or political ideology.

The Strachan Foundation is the continuation of a long legacy of service in the Strachan family and embodies Christian love through long-term accompaniment, training, support, sustainability and care for the most vulnerable populations in Central America.

Dr. Laura Parajón, Co-founder and Medical Director of AMOS

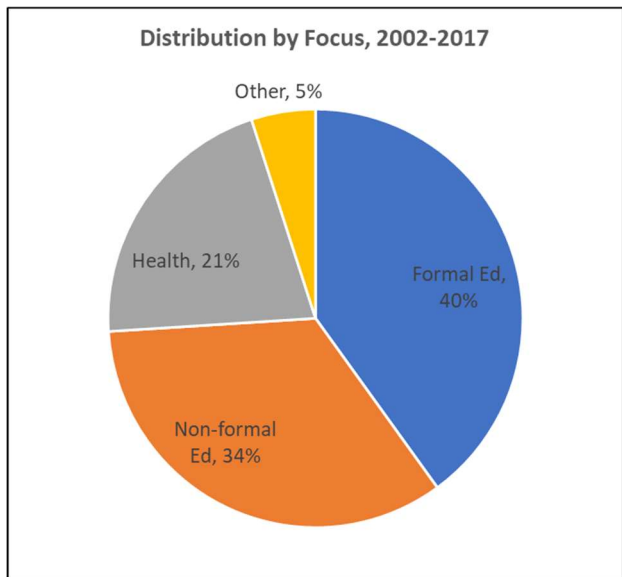
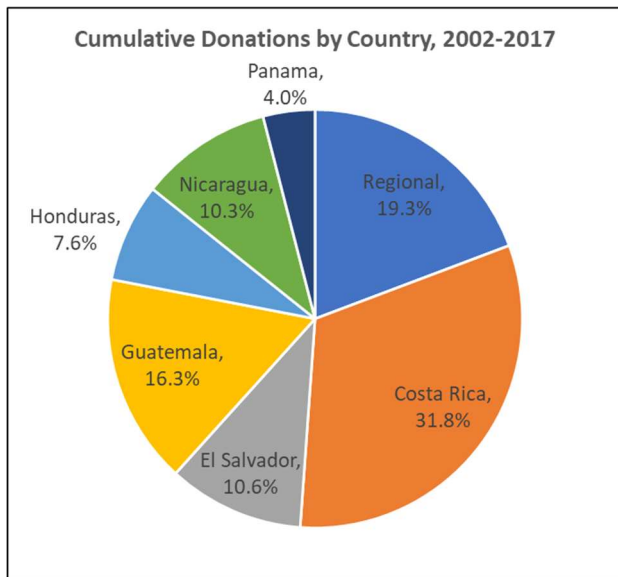
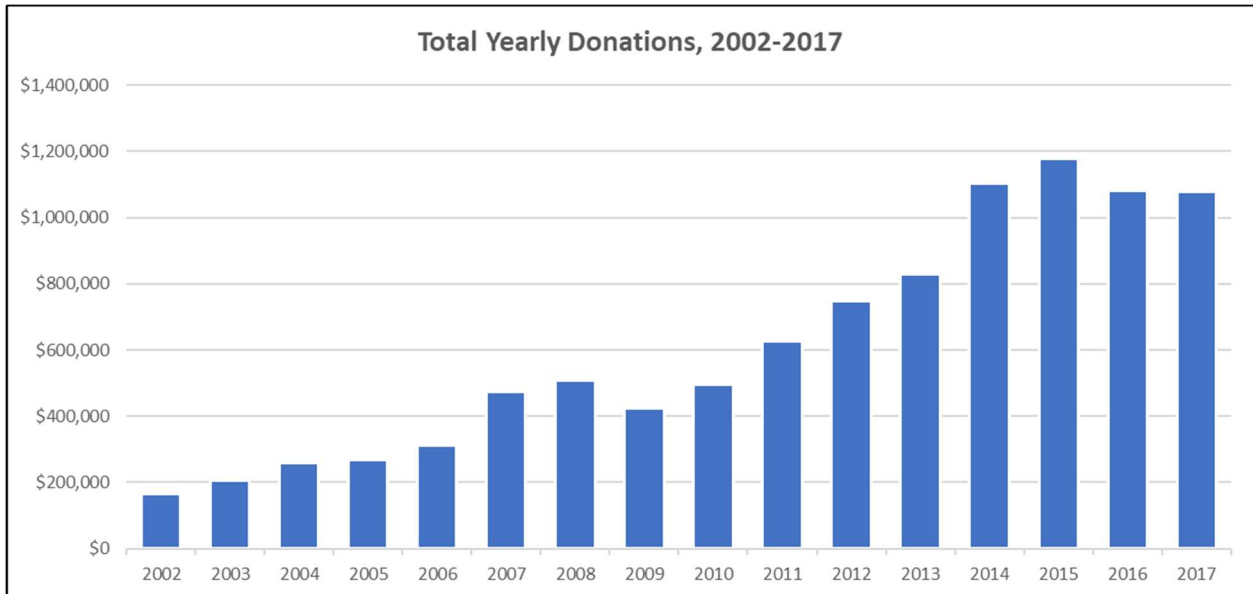
OVERVIEW OF GRANTS

The Foundation is proud of its many partners in the six countries of Central America whose names and locations are visually represented below.



We support a wide range of organizations, some of which have more than 30 years working in the field, others less than 10 years. Some are mature organizations with large numbers of staff and funding from a variety of sources. Others are small and are still developing. A few are regional in their scope, most are focused on their own country.

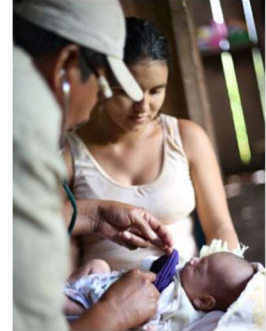
The Strachan Foundation has disbursed over \$10 million in grants since its foundation in 1994. Most of the grants are in the \$5,000 to \$30,000 per year range. Some multiyear and infrastructure grants have been given. Administrative expenses are less than 9% of the grant totals. The following graph shows disbursements in U.S. dollar amounts from 2002 through 2017.



A SMALL SAMPLE OF THE PROGRAMS WE SUPPORT

We are proud of all our grantees, honored to be their partners. Below we highlight a representative sample of programs describing briefly their work with an example of their impact.

AMOS in Nicaragua trains health promoters in 30 rural communities to be first responders and to improve hygiene and nutrition. They receive teams from universities and churches to undertake special projects in these communities. Their impact on mortality and malnutrition is world class and the benefit/cost of their model superior. *Adriana López' story. She hemorrhaged when she miscarried her eighth child in the rural community of Sabaleté, Nicaragua. Pedro Pablo, the AMOS health promoter knew exactly what to do when Adriana's husband came looking for help that fateful day. He called the nearest government clinic on his cell phone and had the ambulance meet them at the trailhead. He organized a group of 50 community members to carry Adriana down dusty trails throughout the night. When the attending physician met them at the trailhead, he was astonished. If the community had not brought Adriana when they did she would have died and 7 children would have been orphaned. Pedro Pablo's knowledge and training, the unity of the community and the government clinic's response to their call saved Adriana's life.*



ADA in Costa Rica focuses on improving education in the public schools based on the most recent studies of neuroscience and children's development. *ADA played a key role in changing the curriculum through its ProLEER program, a program that brings together literacy experts from 8 countries and furthers collaboration in this area. Today, ADA offers online courses through the UNED for teachers in public schools, helping them to develop the skills they need to teach reading and writing according to the most recent developments in the field. ADA has trained a total of 3014 teachers and hopes to reach another 3000 by 2020. One example of their creativity is an annual writing competition for students called Mi Cuento Fantástico.*



ConTextos in El Salvador installs library schools and offers teacher training in reading and writing in public schools of El Salvador. *Juan Carlos is in prison at the El Espino Juvenile Detention Center in El Salvador. In prison he has experienced several episodes of depression and has tried to take his life several times. But that has changed. Juan Carlos is now an author and a teacher. He took ConTextos' Yo Soy Autor (I Am an Author) course and published a memoir that he called "Fighting for you Dayana" where he writes about what it means to him to be a father. Since taking the course he has encouraged other inmates to write and now teaches the course with ConTextos staff. The course literally changed his life and his self-perception.*

PENNAT in Guatemala offers a curriculum approved by the Ministry of Education for children working in the public markets of Guatemala. *Helena Suar was once a PENNAT student that only spoke Quiché, one of 27 native Mayan languages. Today Helena teaches students who often only speak their native Mayan language at a PENNAT classroom at the public market of La Terminal in Guatemala City, helping them to escape poverty through education.*

PRODIM in Honduras implements community pharmacies in remote villages of La Paz where government clinics are nonexistent. The pharmacies are run by community



members that have been trained by PRODIM. *Doña Rufina is a small, energetic woman. She runs the community pharmacy in her village, cultivates a medicinal plant garden, and raises chickens. When she first heard about PRODIM in 2006 she was living in extreme poverty with her 3 children. She received training from PRODIM, rented a plot of land and during her first year produced two harvests that made her \$11,000. Today she is a well-respected member of the community and sought by people from other communities who would like to achieve what she has been able to do.*

Supérate which was originally started in El Salvador offers high performing youth from very poor families the opportunity to receive three years of after-school programming in English, computing and values. *This innovative program operated by Hilasal Industries has now been franchised into three countries and grown to over 11 centers. It has had extraordinary success in getting its graduates jobs paying three times the average of their cohort group. The Strachan Foundation with scholarships is encouraging many of the graduates to go on to university or technical college.*



Fundación Calicanto of Panama is a good example of a program using informal education to better the economic conditions of poor women in the slums. *Odalis has a wonderful smile. She is an entrepreneur in Panama City. She runs a daycare center with her good friend Bianca who are pictured here with Miguel Tello. She is also a cook. Both Odalis and Bianca are graduates of CAPTA, a program that offers a 5-week training to women living in poverty so that they can find work in the hotel and restaurant industries. The program has been very successful. One of its greatest benefits is helping women to believe in themselves.*



HOW WE OPERATE AND WHAT WE HAVE LEARNED

In the same way that we seek innovative organizations in the region, we ourselves seek to be innovative in the way we operate. The following are the differences we aim for:

Grantee Selection. The Foundation looks for the following elements in its projects:

- Practical but superior program models
- Systemic problem-solving
- Community-based strategies
- Potential for financial sustainability
- Committed, capable leadership
- Clearly articulated objectives

We are willing to support hard-to-fund items like administrative costs and salaries. To avoid financial dependence, the Strachan Foundation requires that its donation never be more than 50% of the overall budget.

Funding may cease either due to our resource limitations or to internal problems at the grantee level. Seeking to minimize the trauma of reduced funding we try to provide a soft landing, giving sufficient notice, usually a year so they can find alternative funding.

Grant Proposals, Reports and Visits. We try not to place a heavy burden in proposal writing or reports on our grantees. After a preliminary conversation and initial visit where a potential project has been identified, we ask for a brief project proposal. We also ask for an annual narrative and financial report. The director makes regular, bi-annual monitoring trips to grantees and otherwise maintains contact via email and conference calls. We try to strike a balance between regular oversight and simplicity. Rigorous oversight of programs is not possible, thus the need for trust-building and nurturing. Once that relationship of knowledge and trust is built we may entertain three-year projects.

Developing personal relationships and mutual trust. We seek to understand and collaborate with the work of our grantees through the regular visits and at the annual seminars. This creates a “safe space” for grantees to share both their successes and failures. We treat failure as an opportunity for learning and engage in a dialogue that analyzes both success and failure.

“The level of trust and closeness is unique, I don’t know of any other donor that projects this warmth of a friend and partner. The appreciation and recognition of the work of the grantees is also unique.”

Dr. Sadith Cáceres, Founder and Director of PRODIM, Honduras

Training: We bring together all of our grantees once a year for an annual seminar focused on topics that are relevant to them. This annual event provides a space for grantees to share with one another lessons learned, best practices and on occasions even work together on common problems. Past topics have included:

- Leadership
- Human Resources
- Finances for NGOs
- Fundraising
- Arts and Development
- Community Empowerment
- Social Entrepreneurship
- Resiliency
- Restorative Practices
- Governance and Strategy



The seminar typically lasts two and a half days. Outside facilitators and selected grantees present the topics. Participants discuss their own organizations in small group exercises so that participants return to their countries with specific and concrete applications for their programs.

The Foundation also offers localized ad hoc workshops on topics such as: literacy, Legos as a pedagogical tool, restorative practices, monitoring and evaluation, special education.



Our executive director, Miguel Tello has been instrumental in one key innovation in the past 6 years: training in the use of restorative practices in several grantee organizations. Restorative practices strengthen community relationships and help groups deal with conflict in a way that repairs the harm that has been caused and reintegrates both the person that has caused the harm and the one that has been harmed. One important process is called circles. In a circle, the participants take turns speaking using a talking piece to enable the group's attention. The facilitator asks questions that helps people reflect on the issue at hand.

Miguel Tello also offers technical assistance as needed, taps board members to help with particular issues and refers grantees to other organizations that may be able to help address the particular issue.

Promoting collaboration among grantees. One of the most important outcomes of the seminars is the camaraderie and spirit of collaboration among grantees. Organizations that were barely aware of one another's existence have found themselves working together and sharing resources and knowledge. Our ad hoc workshops often arise out of their desire for more formal sharing of knowledge.

"The Strachan Foundation not only offers us donations, they offer training, technical assistance and accompaniment. We truly appreciate this support. It is truly exceptional and something that is not easily found. We have learned a lot through this relationship."

Natalie Medina, Fundación Amaneceres, Panama

Emphasizing outcome measurement. Evaluation is a challenge for many organizations, both large and small, particularly small organizations strapped for resources. We encourage organizations to determine their impact using both statistical and anecdotal evidence and provide processes for doing so. Further, we offer support and training on how to present their mission and outcomes to other donors.

Involving family members in the work of the foundation. We have found that the Foundation plays a positive role in helping our extended family stay united and in touch with the family's roots in Latin America. All board members are family members. Many have contributed their talents and time to the foundation's work in areas like helping grantees with strategic planning, designing the foundation's web page and logo, and deciding what programs to fund.

"The seminars the Strachan Foundation calls each year provide a unique space where organizations can share with one another without feeling threatened. Since we are not competing with one another for funding, we are willing to share with one another."

Lillian Solt, Director and Founder of Clínica CEDCAS, Costa Rica.

FOUNDATION MANAGEMENT

INVESTMENT STRATEGY AND PERFORMANCE

Funding for the Strachan Foundation mainly comes from Harry Strachan's income generating activities in Central America through Strachan & Associates. In the early years 80% of the Foundation income went to start building up an endowment. The target for grants has been 20% of the income plus 5% of the endowment.

Rio Fuerte, a family investment company that manages Harry's family's savings also manages the endowment. The investment philosophy from the beginning has been the same as that used for the family savings, one which is quite different from that used by most Foundations. We invest as much as possible in high return, highly illiquid private equity investments, investments which when risk adjusted provide the greatest return over the long term and which have the additional benefit of creating jobs, socially valuable goods and economic activity.

It is hard to estimate returns over the last 12 years returns given the illiquid portfolio where book value rarely reflects real value. In managing the funds, we have taken risks, seeking to create jobs in the region and have had superior returns. A quick estimate suggests that the IRR earned on Foundations money 2002-2017 have been in the 10% range.

GOVERNANCE

The foundation is managed by part-time Executive Director, Miguel Tello who is supported by a board composed of various family members. Harry Strachan, the Chairman, and Sandra Conant Strachan, former Executive Director, who live in Costa Rica work closely with Miguel in the approval process. The board, described below, approves grants and provides expert support as appropriate in various areas.

Miguel visits projects, reviews proposals, provides a variety of training and technical assistance programs, and facilitates the Board's review and final approval of contributions.

The board meets once a year to review the year's program and to develop strategies for the future. It reviews all requests for funding on a quarterly basis.

The board has intentionally maintained a simple set of policies and procedures, and its guidelines allow for flexibility both in the types of programs that are funded as well as in

the use of the monies (e.g. support is given for administrative and operating costs as well as for specific projects.)

The actual disbursement of grants, the accounting and management of investments is done in the offices of Mesoamerica Investments where Harry is a partner by the same firm that handles Strachan and Associate accounts.

STRACHAN FOUNDATION BOARD MEMBERS



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