



FAES

Impact with a Systemic Approach

Fundación Arturo & Enrica Sesana, FAES, adopts a systemic approach whereby old age and aging are no longer perceived as a problem, but rather as an opportunity for society. Through donations and hybrid finance, FAES funds social businesses and innovative initiatives that promote the transformation of structures, customs, imaginaries, power dynamics, and current rules in the Colombian old-age system. The Foundation establishes partnerships with other foundations and public and private actors in order to contribute to long-term solutions that ensure the economic inclusion of the elderly.

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LOCATION:

Colombia (special focus on central Colombia, specifically Cundinamarca and Bogotá).



YEAR OF FOUNDATION:
2006



TYPE OF INVESTOR/
SILO:

Foundation.



SECTORS:

Social businesses, social organizations.



CONTINUUM OF CAPITAL:

Investing for impact.



MAIN PARTNERS:

- Fundación Saldarriaga Concha
- Fundación Ramírez Moreno
- Fundación Solidaridad por Colombia
- Help Age International
- Fundación La Maná
- Fundación Niño Jesús
- Asociación de Egresados Uniandinos
- Percomputo
- 101 Ideas
- Colpensiones, among others.



MOTIVATION OR PROBLEM TO SOLVE:

The way Colombia's current old-age and aging system works reinforces and perpetuates homogeneous and anachronistic stereotypes about old age that lead their exclusion.



NON-FINANCIAL SUPPORT OFFERED:

- Strategic and operational strengthening,
- Corporate governance
- Access to networks.

SDG



FINANCIAL INSTRUMENT:

Debt and hybrid financing.



RESOURCES INVESTED OR DONATED:

The amount of the donation is tailored according to organizational needs. In 2021, Fondo Mayor—which invests in businesses led by senior citizens—finance was mainly allocated to delivering seed capital, with an average amount of **USD 1855**, used to purchase machinery or build sales, marketing, and advertising capacity.



FINAL BENEFICIARIES:

Senior citizens.

IMPACT:

17,000 direct beneficiaries since 2006.

47 foundations financed through **80 projects**.



OVERVIEW

Ageism is defined as the set of stereotypes, prejudices, and discriminatory actions or practices against elderly people on the grounds of chronological age or the perception that they are aged or old.¹ The place of stereotypes and prejudices concerning ageism in Latin America and the Caribbean is relevant as the accelerated aging of the population is a trend that will determine the demographic structure in the coming decades.² Furthermore, an increasingly large number of senior citizens in the region are still economically active, still in the labor market or trying to re-enter it. This trend is mainly due to insufficient retirement or pension schemes.

According to estimates by the National Administrative Department of Statistics (DANE), there are 6.8 million senior citizens in Colombia, and only 23.34% of those of retirement age receive a pension.³ Besides that, the current life expectancy in this country indicates that, after turning 60, people will live for 35 more years on average, while the dependency ratio stands at 12%.

In this context, Fundación Arturo & Enrica Sesana (hereinafter, FAES) has established itself as a key actor in transforming stereotypes about the elderly in Colombia. Originally, the Foundation had the goal of making donations to promote the well-being of children and elderly people. However, over its sixteen years in operation, the Foundation has faced different challenges and performed analyses that have contributed to re-directing its strategic approach. In light of these reassessments, it has been possible to create more consistent and efficient impact on beneficiary organizations and the populations they serve.

Aging of the population is a trend that will determine the demographic structure in the coming decades.

¹ United Nations, UN (2021). Informe de la Experta Independiente sobre el disfrute de todos los derechos humanos por las personas de edad, Claudia Mahler, A/HRC/48/53, (p. 7). Available at: https://www.gerontologia.org/portal/archivosUpload/uploadManual/A_HRC_48_53_S.pdf

² Economic Commission for Latin America and the Caribbean, ECLAC (2017). Derechos de las personas mayores: retos para la interdependencia y autonomía (LC/CRE.4/3/Rev.1), Santiago, (p. 28).

³ Departamento Administrativo Nacional de Estadística, DANE (2021). Adulto mayor en Colombia. Características generales. Available at: <https://www.dane.gov.co/files/investigaciones/genero/presentacion-caracteristicas-generales-adulto-mayor-en-colombia.pdf>

In its most recent strategic review (2019), FAES analyzed the childhood and old-age systems in Colombia based on the systems practice methodology—mainly implemented by Acumen.⁴ Actors from different sectors, such as geriatricians, gerontologists, economists, journalists, elderly-serving organizations, and public agencies, among others, participated in this analysis. Based on this exercise, FAES found that only a few, isolated organizations were intervening in the old-age system. Furthermore, resources allocated to serve the elderly were not only limited but also guided by welfare-oriented criteria, which perpetuated a negative view of old age.

Based on this analysis, FAES built a theory of change seeking to re-shape the current old-age system while promoting a structure where elderly people are acknowledged more and their rights are effectively exercised, a structure where they can directly participate in and have an influence on a society that sees old age as a point in life with particular interests and development, learning, and entertainment dynamics.⁵ The theory of change sets forth three key for the first two years of its action plan:

- 1 Spreading innovative knowledge among specific actors for them to re-focus and/or transform their actions.
- 2 Promoting the creation of innovative and appealing knowledge about old age and aging in Colombia so as to enhance the advocacy capacity of key actors.
- 3 Creating a strategy for organizing and accessing innovative and appealing knowledge about old age and aging.

FAES's new approach consists in supporting transformation efforts within the Colombian old-age system and by organizations that contribute to reverting the anachronism that governs said system, replacing traditional care or welfare-oriented practices. Thus, through donations and partnerships with different sectors, the Foundation has supported initiatives by organizations that not only contribute to creating diverse and heterogeneous knowledge about old age in Colombia and nourish the transformations that the system requires, but also enable the development of interventions for the elderly to ensure the effective exercise of their rights, including economic and work integration.

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⁴ To learn more about the methodology, go to: <https://acumenacademy.org/course/systems-practice/>
⁵ Fundación Arturo & Enrica Sesana (2021). Proceso de mapeo sistémico (p. 10).



INNOVATIVE FACTORS

FAES has sought to develop close and horizontal relationships with the organizations that receive financing in order to realize priority transformation efforts. The Foundation strives to prevent the donation from becoming a one-way vertical exchange and to move towards conversations that allow it to identify each of the scenarios where it could potentially support the growth of grantees.

This has resulted in the recognition of FAES by organizations as a strategic partner that has enabled them to adopt sustainable schemes and practices and evolve in their processes. An example was the unrestricted resources donated by FAES to ten foundations in 2021 in recognition of the challenges and difficulties they faced as a consequence of the COVID-19 pandemic. In total, each foundation received COP 25 M (approximately USD 6,372⁶).

“Our aim is that assistance is extremely tailored to the organizations.” María Claudia Santos,
General Coordinator, Fundación Arturo & Enrica Sesana.

At the same time, by channeling its efforts towards interventions that might make it easier to alter the status quo of the old-age system in Colombia, FAES has focused on financing transformation efforts that coherently intervene in the issues identified within this system,⁷ prioritizing four of them:

- 1 Work opportunities and productive inclusion offerings for elderly people.
- 2 User experience and technology learning opportunities for elderly people and cross-generational spaces.
- 3 Creation and dissemination of knowledge about old age and aging.
- 4 Capacity building for organizations and groups serving elderly people.⁸

⁶ Exchange rate as of May 27, 2022.

⁷ The Foundation's analysis identified seventeen problematic elements, in areas such as the productive exclusion of elderly people, the configuration of rigid social roles, cross-generational disconnection, the negative view of old age, and socio-economic difficulties, among others.

⁸ Fundación Arturo & Enrica Sesana (2021). Proceso de mapeo sistémico (p. 31).

Currently, FAES focuses on its own initiatives and those submitted by partners, which the Foundation has identified as in line with its priorities. Applying organizations must meet four eligibility criteria: empathy, quality, vulnerability, and sustainability. Similarly, while its financial instrument has mainly consisted of grants, it has been adapted to the needs of organizations and their projects and now shows mixed structures, such as donations through joint venture agreements.⁹

Financing for initiatives that fall within the prioritized opportunities has been channeled through various projects¹⁰ and the creation of Fondo Mayor. This fund is an initiative stemming from Plan Mayor: Alianza por la Vejez y el Envejecimiento, led by Fundación Arturo & Enrica Sesana in partnership with the Saldarriaga Concha and Ramírez Moreno foundations, with the goal of addressing the challenges faced by elderly people when accessing sources of financing for their social businesses in traditional financial markets. This is the first impact investment fund in Colombia devoted to supporting social businesses founded by senior citizens.¹¹ The first cohort of six entrepreneurs (“Silver”), was financed in 2021.

Given its experience working with entrepreneurs and managing and running projects, Fundación Saldarriaga Concha was in charge of ensuring the operation of this fund. Each of the three foundations contributed COP 100 M to the fund (approximately USD 79,534¹²) and, together, launched a call for proposals and selected the entrepreneurs.

- ... The fund has defined seven criteria and financing requirements:
- ... Financing is provided to entrepreneurs over the age of 60.
- ... They do not need to have been formalized.
- ... They must provide proof of at least one year of sales before the financing is provided.

9. This type of collaborative agreement allows for partnerships between companies or individuals to run a business or project without becoming a new legal person and where there is one managing partner and one or more parallel partners. This model favors FAES’s support of productive organizations and initiatives, defining its contributions as credit or investment based on the conditions fixed for each foundation.

10. In 2022, the Foundation’s board of directors approved FAES’s participation as the funder of three projects: the Partnership to train the elderly in new technologies (USD 55,000); the Remote-care model focused on the person, social support, and management of cases for the healthy aging of the elderly in Bogotá (USD 119,000); and AVU Corp., to promote policy geared towards the development of productive activities for the elderly (USD 38,000).

11. Fundación Arturo & Enrica Sesana (2021). Informe de gestión 2021.

12. At current exchange rates for June 3, 2022.



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- They must not have access to other sources of financing to grow their business.
- They must not be located in the main cities of Colombia.
- They must have internet access and a device to participate in the support and strengthening processes.
- They must agree to the data and image processing policy.

Initially, the fund only considered debt as a finance instrument. However, due to the difficulties posed by the pandemic to social businesses, the decision was made to also include seed capital through grants. For instance, for the first cohort, four businesses were financed with an average of COP 7 M (approximately USD 1855¹³), mainly allocated to the purchase of machinery or to sales, marketing, and advertising capacity building. Funded businesses closed the year with around USD 266,000¹⁴ in sales. For six months, each of them received specialized support from a volunteer from Asociación de Egresados Uniandinos, who carried out an assessment to issue recommendations and identify opportunities for improvement.

In this first stage, the indicators measured in the fund's operation have revolved around the number of supported businesses, the age range and average age of entrepreneurs, monthly sales followed up for more than a year, and other indicators adopted by each enterprise based on its business models—such as the number of cities where it operates or the number of products in the portfolio. In August 2021, the fund launched a new call for applications and received 180 applications from entrepreneurs aged 65 on average. The year closed with a total of twelve businesses selected.

The creation of this fund has been relevant for the Foundation as it has given elderly people the opportunity to access finance to fuel their businesses and benefit from close and specialized non-financial support. This has translated into senior citizens creating a positive bond with their age, transforming prevalent self-perceptions and prejudices in the country's old-age system. Furthermore, this fund has intertwined the work of different actors and even that of financed initiatives, resulting in spaces for trust and collaboration where expertise, advice, and knowledge are exchanged while favoring training in entrepreneurial and business aspects.

¹³. At current exchange rates for June 3, 2022.

¹⁴. Idem.



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Lastly, the assistance provided by the Foundation to financed organizations is not limited to that which is implemented at Fondo Mayor. FAES promotes that its board members guide financed initiatives as external advisers. The annual average target is to assist ten projects, and it is expected that board members become actively involved in the financed projects. This allows the organization to reach consensus within said body, as well as alignment with the Foundation's strategic goals around the relevance of the projects.

Additionally, the intention is that project sponsorship starts with the first approach to potential beneficiaries so that the board knows the nature of the initiatives, efforts, and financed organizations in detail. Thus, when submitting a finance proposal to the full board, the sponsor plays an important role in defending its relevance.



LESSONS

FAES is one of the few organizations that focus its efforts on serving elderly people in Colombia, which makes it a key player in the old-age system. Consequently, the lessons learned from its work become especially relevant for those working on this issue.

The first takeaway to be highlighted is the reconfiguration of practices regarding non-financial support provided by the organization. Originally, the Foundation offered non-financial support at knowledge-sharing gatherings with partner foundations and organizations, enterprises, social businesses, and other beneficiary initiatives. In these spaces, the Foundation hired external consultants to advise organizations on how to expand their reporting capacity and apply to international cooperation projects. As of its strategic re-structuring, FAES has focused on identifying the needs of each organization in detail to provide close assistance, especially by involving its board of directors in financed projects. According to the experience of organizations that have received assistance, the most significant contributions in this process are reflected in three areas:

- 1 Participation of organizations in strategic scenarios to identify more efficient mechanisms to scale their interventions, build long-term strategic alignment by re-defining their vision, consolidate

better knowledge management processes to strengthen technical and operational capacity, and integrate impact measurement and practices that are shared with different interest groups.

- 2... Counseling from external actors and consolidation of partnerships with networks of peer organizations aiming at starting joint projects and contributing to raising awareness and spreading the work of each organization.
- 3... Support and counseling in financial matters to strengthen the organizations' business models and set efficient mechanisms for resource allocation and exploration of financial scenarios, thus contributing to ensuring organizational sustainability.

FAES values its current positioning in Colombia's old-age system as a coordinating and predominant organization, having assumed the role of connector, experimenter, and driver of comprehensive knowledge of old age in this country. This has enabled it to bring together actors, institutions, and public and private interests¹⁵, and to incentivize organizations to make innovative interventions, such as the case of Fondo Mayor. Fondo Mayor not only promotes the social inclusion of the elderly, but also contributed by changing stereotypes concerning senior citizens in Colombia.

Lastly, the Foundation is aware of the challenge of configuring a battery of indicators that allows to explicitly measure and develop evidence of transformations taking place in the Colombian old-age system. Currently, FAES has four high-level indicators and fourteen underlying indicators in its theory of change.



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General indicators seek to track noticeable and feasible changes by realizing the three strategic actions. These indicators are:

- ... Work opportunities and productive inclusion offerings for people over 60.
- ... Changes in the perception of aging in Bogotá, consistent with different roles and opportunities the elderly can have.

¹⁵. For instance, foundations, public entities like Colpensiones or Unidad de Víctimas, international organizations such as Help Age International, higher-education institutions like Universidad Javeriana, and private entities such as Asociación de Egresados Uniandinos or CAFAM, among others, participated in the mapping of Colombia's old-age system.

- ... Increase in the offering of goods and services for people over the age of 60 in Bogotá, promoting diversity and potential opportunities for them.
- ... Change in discourses aging in media outlets, identifiable through data analysis.¹⁶

These four indicators outline the transformations that FAES seeks to bring about as part of its monitoring and evaluation exercise. Additionally, this set of indicators gives rise to a series of particular measurements, both quantitative and qualitative, whose purpose is to map the particular actions and interventions developed in the Colombian aging segment thanks to the influence of the Foundation. FAES expects to identify the number of initiatives launched by means of shared knowledge, the number of people participating in and/or benefiting from said initiatives, the number of partnerships and knowledge sharing actions among organizations, groups, and individuals, and the rise in investment for projects and/or research related to aging with an innovative approach.

FAES is still setting targets for each of the aforementioned indicators. Part of these is in the form of generic formulations, which poses a clear challenge—for example, when estimating changes in stereotypes. The Foundation expects to implement instruments to collect the necessary information for said indicators, among which are surveys, interviews, outcome harvesting, and storytelling. For this, it has worked with Red de Ciudades Cómo Vamos¹⁷ in developing a survey on the perception of aging and the elderly in five Colombian cities. The goal of this initiative is to move towards collecting and developing information on this topic in Colombia in order to map changes of perception.



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“We are interested in measuring transformations that effectively take place in the system. We have to figure out how to get organizations to share information with us in order to measure this transformation.” María Claudia Santos.

¹⁶. Fundación Arturo & Enrica Sesana, n.d. Plan de acción y plan AME.

¹⁷. Red Colombiana de Ciudades Cómo Vamos aims at generating reliable, impartial, and comparable information on topics related to urban quality of life and citizen engagement.