GENERAL SECRETARY'S ADDRESS TO BUSINESS SESSION

John Hewko
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Good afternoon!

It's great to see so many of you here for this business session of the 2014 Sydney Convention.

When I looked at the program for today, I saw that I was going to have a lot of competition: between all the breakout sessions and all of the opportunities that the Host Organizing Committee has provided, you certainly had plenty of options this afternoon!

But I'm very glad to see how many of you have chosen to join us, so that I can update you on some of the very exciting things that have been going on in the Rotary world over the last year.

As the frequent convention goers among you may know, this event is itself an innovation. In past years, the general secretary's remarks at the convention have been limited to a fairly concise report on the activities of the RI Secretariat.

I'll still be giving that at the plenary session tomorrow, but I'm very glad that this year I have this chance to share more details of the work going on at Rotary offices worldwide.

Because this has been an exceptionally busy year for Rotary leadership and staff, and there is a great deal of progress to relate.

I'm going to begin, appropriately enough, by talking about Rotary's No. 1 organizational priority: the eradication of polio.

As you already know, we are within sight of the most exciting part of our quarter-century journey to polio eradication: the very end.

We're committed to our role in the five-year Global Polio Eradication Endgame Plan, which has set a goal of global eradication by 2018.

We're optimistic that that goal will be met, and we're doing everything we can to raise both the awareness and the resources to make it happen.

In this Rotary year, we've kicked off our campaign to End Polio Now — Make History Today.

The Bill & Melinda Gates Foundation will provide a $2 match for each $1 we spend on polio, up to $35 million per calendar year through 2018.

So if we spend $35 million in a given year, we will get an additional $70 million from the Gates Foundation, resulting in a potential $525 million of funding for polio eradication — funding that is absolutely essential to bringing the endgame plan to a successful conclusion.

I'm glad to report that Rotarians are rising to this challenge and giving generously: because of your commitment, we have received the full $70 million match from the Gates Foundation in this Rotary year.

Increasing public awareness of polio eradication, and of Rotary's role in it, is tremendously important, both in terms of ensuring the success of our current work and of leveraging that success for our future undertakings.

I'm glad to report that in the last year, we have received an unprecedented amount of media coverage for our role in the fight to end polio.

This coverage includes more than 400 stories with significant, positive Rotary messaging.

And more than 100,000 people from 171 countries have added their photo to Rotary's World's Biggest Commercial, and I am pleased to confirm that we have received acknowledgement from the Guinness Book of World Records that this is currently the World's Largest Photo Awareness Campaign.

Most of you heard this morning from Bruce Aylward, who gave us an update from the World Health Organization on the current status of the global polio eradication initiative. The news is mixed in terms of absolute numbers, but positive in terms of direction.

We have had more outbreaks, which of course is a negative; at the same time, the number of cases in polio-endemic countries continues to fall.

Every outbreak is a drain on our resources; each one requires massive effort and investment to contain. However, when assessing our progress, it is essential to bear in mind that every new outbreak stems from an endemic country.

The best metaphor I've heard for polio eradication is that it's like fighting a wildfire. Right now, we're fighting three main fires, in Afghanistan, Nigeria, and Pakistan — down from 125 fires when we began. We've got smaller fires cropping up as well, and we're beating those out as fast as we find them. But all of those new fires were started by two of the main three.

As long as we don't let the secondary fires spread — and we don't — our true progress is measured in the size of those primary fires. And those are the fires that are getting steadily smaller, and fewer, with every passing year.

When we extinguish those fires, there won't be any more sparks to set new ones.

When we eradicate polio in the last three endemic countries, there won't be any more poliovirus to create new infections — and we'll have begun the three-year countdown to certifying the entire planet polio free.

All of you here are responsible for the fact that we really are just a few years away from beginning that countdown. You've changed the course of human history, through your work as Rotarians.

And if thinking about that hasn't given you a few goose bumps, then maybe you should stop and consider it a little more.

Not many people can say that the work of their lifetime will be felt on this planet forever. But all of you can say that, because you are Rotarians.

And along with the ability to say that, comes the responsibility to ask one simple question: if we can achieve so much with the clubs and members we currently have, what could we do, if we had more? Not just a few more, but twice, three times as many?

I think the answer is as simple as the question. We could do pretty much anything we set our minds on.

That's why a further organizational priority is, and must be, membership.

After dipping to 1.18 million last year, our current membership total is 1.2 million. It's been at about that number for the last dozen years, and that is a problem that we need to address — and are addressing, in new and innovative ways.

Our RI Board has recognized the need to regionalize our recruitment and retention strategies, and we have now launched 16 regional membership plans around the world. While the plans are unique, they share common goals and objectives designed to increase and retain membership. The plans also include strategies to strengthen clubs by increasing diversity and improving public awareness of Rotary.

We've listened as well to the suggestion of many Rotarians, by initiating a new member sponsor recognition program. So far, more than 25,000 Rotarians have earned a pin for sponsoring a new member.

Because, without members, there would be no Rotary. And without our Rotary Foundation, there would not be a Rotary anything like the Rotary we know today.

Our Foundation is the third priority I want to talk about today.

I'm glad to say that overwhelmingly, Rotarians recognize how essential our Foundation is, and prioritize it accordingly. Despite the globally weak economic situation, contributions to our Annual Fund are currently on pace to exceed last year's record-setting achievement.

If every Rotarian makes their annual contribution before 30 June, we are sure to reach our worldwide goal of $120 million. If you haven't made your contribution yet, please, don't put it off much longer — June will be over before you know it.

As of 1 May 2014, we reached another all-time record, with 71 new members qualifying for the Arch Klumph Society.

And in 2014-15, our Endowment Fund will provide more than $11.9 million in spendable earnings to support programs of The Rotary Foundation. When you give to the Endowment Fund, you support Rotary programs in perpetuity. It's really just a great investment, and there are a number of ways to participate in the fund if you're interested in doing so.

And what are Rotarians doing with the funds provided by our Foundation? The answer to that question is: more and more, every year.

Our new grant model, formerly called Future Vision, has had a successful first year, encouraging higher-impact, more sustainable service and receiving generally positive feedback from Rotarians.

Since the new grant model was launched this past July, the highest amount of grant spending has been within the disease prevention and treatment area of focus. The second highest area of spending has been in economic and community development, followed by water and sanitation, basic education and literacy, peace and conflict resolution, and maternal and child health.

As of 21 May, 491 district grant applications had been submitted and 476 have been approved.

As of the same date, 1,120 global grant applications had been submitted, and 691 had been approved; 25 of these were vocational training teams and 146 were scholarships. The current processing time for global grant applications is 53 days. During the pilot, it was 195, so we've speeded things up quite a bit.

If you're interested in learning more about the new grant model, I'd encourage you to visit Rotary.org/grants.

In Rotary, we are successful in large part because we are practical idealists. We approach our service with the same attention to detail and long-term planning that we apply in our professional lives.

Just as we focus our service on sustainable projects with a lasting impact, we put in the time and effort to make sure that Rotary, itself, will last. This means keeping membership strong, and it also means managing our finances wisely, to make sure we will always have the resources we need to continue our work.

For many years, the funding model for our Rotary Foundation was simple. Contributions from our members funded programs, while operating costs were paid by investment income.

That worked well for a long time, but when the financial crisis of 2002 gave us negative returns on our investments, we weren't prepared. We weren't able in the good years to build up enough of a reserve, and had to redirect contributions to fund program operating costs.

We weathered that financial storm better than many other nonprofits, but with the advent of the financial crisis that began in 2008, it became abundantly clear that our funding model would have to change. With today's volatile markets, we can no longer rely on investment income to fund our operating costs.

This is why our Trustees have agreed to adopt a new model, effective 1 July 2015.

Under the new model, 5 percent of Annual Fund contributions, 5 percent of cash contributions to fund global grants, and 10 percent or less of select corporate gifts will be set aside to help operate the Foundation and build a strong reserve.

Once the operating reserve has been fully funded, any of the money set aside will be used by the World Fund. If the World Fund is sufficiently funded the excess will be moved into the Endowment Fund. There, it will generate spendable earnings, to fund the Foundation into the future.

Our Foundation consistently earns the highest possible reviews from charitable rating agencies, including an A+ rating from the American Institute of Philanthropy.

But we don't take any of that for granted, and we are absolutely committed to keeping our Foundation as stable, as efficient, and as transparent as possible — so that we will be able to continue not just Doing Good in the World, but doing the most good in the world, far into the future.

In terms of Rotary International's finances outside of the Foundation, we have implemented a new Secretariat monthly reporting policy, to allow Rotary to be financially nimble and flexible enough to fund changing priorities.

Another key step forward has been developing a capital budget that not only takes into account the funding for the budget year, but looks forward five years to understand the needs of the organization and the resources required to fill those needs.

All of these steps have the goal of keeping Rotary financially stable, while making sure that resources remain available to fund the work we are doing now, as well as new opportunities that will arise in future.

I also want to let you know about something new you'll be seeing beginning 1 January 2015: a greatly simplified club invoice.

From that date, every club will receive a one-page semiannual document that clearly states the amount due, instead of the eight-part semiannual report you've been receiving until now.

Club presidents and treasurers will be glad to know that you will no longer need to recalculate your bill or make adjustments to the invoice. Dues amounts on the new invoices will be calculated based on the membership numbers filed by the club secretary — through Rotary.org, local data base integration, email, or mail — by 1 January and 1 July of each year.

As club and district leaders, I ask your help in ensuring that clubs understand it will be particularly important to update membership numbers *before* the invoice is generated.

This is a change in how you have paid dues in the past.

Since many clubs have requested this type of straightforward invoice system, I am very pleased to report that the change is under way.

And while you're visiting Rotary.org, you'll find quite a few new resources that weren't there a year ago. Because, as many of you know, last August we launched a new Rotary.org with customized experiences for the general public and for members.

The new site is part of the fourth priority I want to share with you, which is telling the Rotary story and supporting Rotary service, in new and more effective ways.

For Rotarians, the new site provides a gateway to a range of online tools and resources, such as a customized dashboard and profile; Rotary Showcase, which lets you browse completed club and district projects, and share your own; Rotary Ideas, a crowdsourcing tool to solicit support for ongoing projects; and Rotary Club Central, which helps you set and track your annual goals for membership, service, and Foundation giving.

Another important new resource on Rotary.org is the Rotary Brand Center, which went live on Rotary.org in January. The Rotary Brand Center enables Rotarians to easily access materials that use the new Rotary voice and visual identity guidelines. For example, you can customize your club logo, create a marketing

brochure, or give your newsletter a fresh look.

Feedback has been positive, with many Rotarians praising the Brand Center as a great way to create a unified and professional look on logos and documents, without hiring a designer or purchasing expensive software.

In the first few months of operation, the Brand Center has served over 38,000 unique visitors.

Clubs and districts are using Rotary tools to strengthen their clubs and Rotary's image: 92 percent of districts and 42 percent of clubs set goals in Rotary Club Central in 2013-14.

Since Rotary Showcase launched in 2012, Rotarians have posted more than 3,600 community projects, reflecting donations of $63 million.

Overall, the new Rotary.org has more than 216,000 active registered users and transitioned accounts. It averages more than 708,000 visits per month. Feedback and suggestions from Rotarians and other users are gathered, and reviewed, on a daily basis.

We are doing our best to make sure that more Rotarians know about these new tools and how to use them, and we plan to continue to improve functionality and add new features over the next two years.

After all the hard work we've put into the new website, it's been very gratifying to see the response within Rotary and beyond. And in fact, in April, Rotary.org won three prestigious EXCEL Awards, including the top award for general website excellence.

I know that the Rotarians who make the commitment of time and resources to attend a Rotary convention are among the most engaged, and the most involved, of all Rotarians.

You more than anyone know how true it is, that engaging Rotary can change lives.

I am proud to lead a Secretariat staff that is absolutely dedicated to supporting you, and your service.

It is a fantastic feeling, and a tremendous privilege, to walk in the front doors of One Rotary Center every morning, knowing that our work, is supporting your work — and your work, is changing lives.

Thank you.