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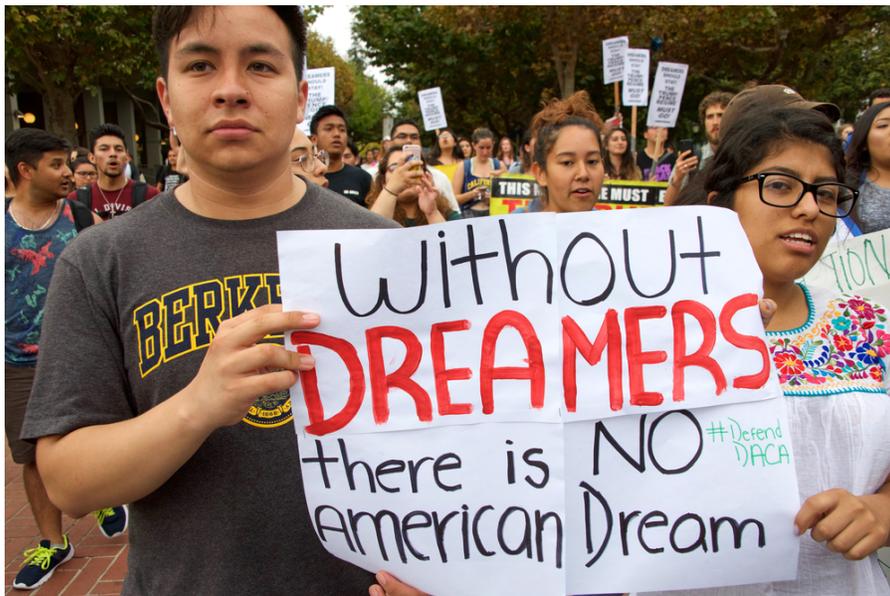
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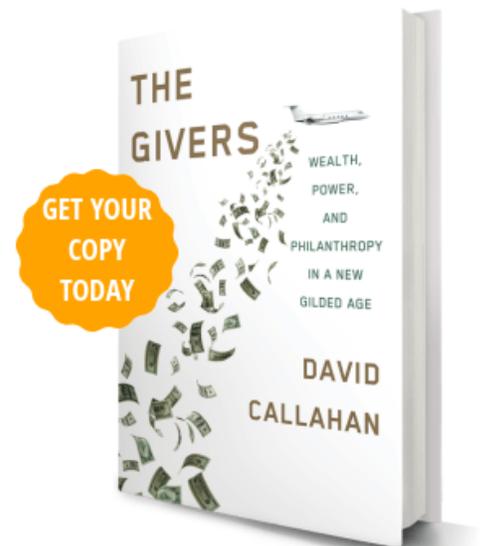


One of the Country's Largest Foundations is Trying to Change How Philanthropy Works

Tate Williams



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UNITED WE DREAM IS AMONG THE GROUPS RECEIVING SUPPORT UNDER FORD'S BUILD PROGRAM. SHEILA FITZGERALD/SHUTTERSTOCK

In 2016, the Ford Foundation set out on an experiment —give \$1 billion to social justice nonprofits, with all funds going to a combination of general operating support and organizational strengthening.

In short, it was going to use a chunk of money to give up to 300 nonprofits what the sector had been saying it needed for years. It was a big, if overdue, move for a lumbering giant of a foundation that had historically given mostly small, short-term, project-based grants.

Now, two years in, Ford's **BUILD initiative** is hitting its stride and starting to see results, including positive survey data from grantees, and emerging anecdotes from organizations that are planning for long-term change and working collaboratively in ways they never could in the past.

It's an impressive start, but for BUILD Director Kathy Reich, even when the initial five-year experiment is over, the job won't be done until similar grantmaking is the status quo, first for the entire foundation, and then maybe even in the rest of the philanthropic sector.

“Once we get Ford to act that way, I do have these grand plans to try to get other foundations to embrace this approach, as well,” says Reich, who came to Ford from Packard, and a career in policy before that. “Organized philanthropy in the United States is investing tens of billions of dollars a year in the

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nonprofit sector, and we need to be investing it in the right ways that are going to get us the results we want.”

In fact, while Reich acknowledges there will always be a need for project grants, in her first week on the job, she said that her goal was to change the default way Ford makes grants, and foundation President Darren Walker and Executive Vice President Hilary Pennington are supportive of that goal.

Ford was not always like this. Prior to BUILD, the foundation had been giving just around 24 percent of its grants as general operating support (meaning an organization can use the funds however it sees fit), and 90 percent of grants were for two years or less. Overall, the [most recent data](#) from the National Committee for Responsive Philanthropy shows just 20 percent of all domestic grantmaking is general support, while the rest is restricted project support.

The latter often requires elaborate reporting with little to no money allotted to keeping the lights on, much less taking proper care of staff or planning for the long term. It's a persistent shortcoming of foundations.

“[General operating support] gives people the ability to build strong organizations, and strong organizations get things done,” says Aaron Dorfman, president of NCRP, a philanthropy watchdog group. “It is at the very top of the list of things that our nonprofit members, and others that we try to speak for, want from philanthropy... and it's maddening to see that the message doesn't seem to be getting through to so many funders.”

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Dorfman has been watching BUILD closely, and calls it “fantastic,” one of, if not the best thing Walker has done in his tenure—and a big part of that is Kathy Reich’s involvement, he says. Indeed, Reich doesn’t pull any punches in talking about the sector’s problems.

“[Foundations] treat the nonprofits that we fund like they are vendors, or like they are children. We try to tell them what to do. We think we know better than they do. When in reality, what we’re all in is a system that we’re trying to move and change,” she says.

If she sounds more like an advocate than a foundation executive, it’s because BUILD was designed to change Ford. That’s why it spans the foundation’s entire suite of programs, Reich says. Each team is spending 40 percent of its budget over a five-year period on BUILD grants, so it acts as a kind of startup within the walls of an 82-year-old institution, but one that reaches all corners of the operation.

That impulse started at the top, Reich says, after Walker took over and began a massive overhaul of Ford’s programs, with Pennington playing a key role. In talking with several nonprofits, leaders heard repeatedly that their funding was far too prescriptive and short-term, which was an eye-opener. BUILD was born as part of a set of changes to fix that.

Ford has now processed nearly half of BUILD’s billion-dollar budget to 191 grantees so far, and committed about two-thirds of the budget. Early grantee surveys by the Center for Effective Philanthropy have reported positive indicators that BUILD grants are improving funder-grantee relationships, having greater impacts

on the organizations, and improving their ability to sustain their work.

Lots of questions remain about whether BUILD really will transform Ford, which still makes a blizzard of smaller project grants to a huge number of nonprofits (over 1,000 groups in 2017)—much less institutional philanthropy writ large. But as BUILD emerges from its startup phase, some of the most encouraging indicators are the stories coming from grantees.

United We Dream Network

Few nonprofits can speak to the importance of organizational strength and flexibility like advocates for immigrants in the United States can right now.

One of the first cohorts of BUILD grantees was a set of such groups chosen in the summer and fall of 2016.

Among those groups was the [United We Dream Network](#), which formed in 2008 out of decentralized organizing efforts around the country for the rights of undocumented immigrants. The enactment of DACA, in particular, was a historic victory for the network and its allies, and when United We Dream was invited to apply to BUILD in 2016, it had been ramping up a broader immigrant rights agenda.

The group started its \$5.75 million BUILD grant in January 2017, right on the brink of a torrent of draconian immigration policies from the Trump administration. For UWD, that marked the beginning of a period of both tremendous challenges and organizational growth.

For one, the termination of DACA and the TPS program, increased ICE raids, and new zero-tolerance policies directly threatened United We Dream leaders and members, who are immigrants themselves, as well as their families and communities. It thrust the organization into a state in which it was rapidly responding to crises.

“We have to do that while we’re also keeping our eyes on the prize of our longer-term vision and goals,” says Cristina Jiménez Moreta, UWD executive director and co-founder. “That’s the difficulty of the moment, in addition to the level of emotional and mental trauma that all of this is creating for people. It makes it more difficult for those of us doing the work to be able to do our jobs.”

One of the handful of requirements of BUILD grantees is that they have to use some portion of funding for organizational strengthening, but what that means and what percentage of their funding it represents is up to grantees. According to Ford, an average of 35 percent is going to strengthening, and the rest to general support, but it varies widely by group.

UWD chose about 50/50, and Jiménez says that combo of long-term funding has allowed the organization to be more resilient under external threat, while also effectively building out the organization in a time of growth.

On the first point, UWD has added wellness and healing trainings for members, leadership and staff, and have been able to offer retirement benefits for the first time.

Meanwhile, outrage at Trump immigration policies drew a surge of interest in United We Dream, including a new influx of thousands of non-immigrant allies wanting to help. So BUILD funds have helped it to seize on that growth, bringing on their first chief operating officer, and improving their technical capacity when it comes to managing a complex and growing membership base.

BUILD funding also allowed them to step back amid the chaos, take retreats with a facilitator, and analyze their strategic plan in relation to this new landscape. The other big requirement for each grantee is to undertake an organizational assessment within their first year, using a Ford-designed tool, but facilitated by whomever the grantee chooses.

Having that moment to reflect and evaluate was important, Jiménez says, and something that's rarely possible in organizations like UWD, especially in such times of crisis.

“When you are meeting the needs of a community that is so vulnerable, it's very difficult to be able to meet your internal capacity needs, versus the work that needs to be done to strengthen and protect the community,” Jiménez says. “I think that for us, the BUILD grant presented us with an opportunity to be able to think longer term.”

PRISMA

PRISMA is an El Salvador-based environmental NGO that, while small, has been impactful in its region since launching in 1992. It conducts research and works closely with indigenous and rural communities on

land-use issues, with a focus on the added vulnerability of climate change.

The group has actually not had a lot of trouble securing funding in various forms during its existence, but around 2011, shifted from having core organizational support (which had come from aid agencies), to receiving mostly project-based grants, says Susan Kandel, current deputy director and longtime executive director. This gave PRISMA limited breathing room to focus on long-term goals, and required the small staff to do a lot more work.

“We really questioned whether it’s worthwhile, because it’s almost like you have to hire someone full time just to be doing the financial reporting, another person for the monitoring reporting. Those types of year-to-year grants are so tedious,” Kandel says. The small directing team consisted first and foremost of researchers, after all. “We don’t want to be chasing money, and be surviving just for surviving’s sake.”

For years, Ford was a part of that project funding slog, and Kandel says she can “definitely” confirm Ford’s reputation for narrow, short-term grants. In fact, though Ford respected PRISMA as an authority in the region, their relationship had always been stunted because their grants were so restrictive, she says.

“For me, that was one of the things that seemed so great about BUILD,” Kandel says. “Finally, it’s getting an idea that you can’t make social change by doing micromanaging.”

Still, Kandel says, they were watching with anticipation as Walker’s Ford was taking shape. The Mexico and

Central America team was another of the earliest to start the BUILD process. To date, roughly 60 percent of BUILD grantees are based in North America and Europe, 20 percent are in Africa, 13 percent in Latin America, and 7 percent in Asia. Nearly 40 percent combined work in the Global South, and more than 80 percent are led by women and people of color.

That program's team took a unique approach, even within the BUILD initiative, in that they invited several grantees they had identified as candidates to meet all together, in person. They basically said, look, you're all going to get multi-year funding from us no matter what, but we'd like you to be part of this new initiative, Kandel says.

That assurance of funding, she says, broke down some of the artifice between funder and grantee. "It takes away the pressure of trying to make everything look beautiful, the rose-colored glasses of what's going on with the organization."

PRISMA was on board, but they made an interesting choice—they would put 80 percent of their yearly \$250,000 to organizational strengthening, and only 20 percent to general operating support. For them, it was a ticket off of the treadmill, a chance to think about where they were headed and how they were going to achieve broader change. "Finally we get to think past the day to day."

It would allow them to do a few things: rethink their funding model, plan the succession of leadership, build a stronger footprint in other regions, and cultivate a new generation of young researchers in their area of work.

But Kandel points out another, less obvious power in BUILD grants—they unlock an unusual level of collaboration.

The fact that peer organizations all have long-term funding means that they don't have to compete for grants anymore. "It's incredibly powerful, because now, we're 13 organizations working together to have an impact on a bigger thing," Kandel says.

In terms of what happens after BUILD, they're still working through it. But Kandel hopes that Ford is able to nudge the larger funding community to follow their example by rethinking the year-to-year project approach.

"You're never going to get the kind of results you want that way."

Beyond BUILD

BUILD, even with its formidable size, has limits.

For one, you obviously can't land a BUILD grant if you're not already plugged in with Ford. Almost all of the BUILD grantees have past relationships with the foundation. It also requires a pretty strong willingness to be a long-term partner with Ford, and at least a certain amount of buy-in to its [framework](#) for organizational growth.

But Reich sees a lot of potential if such a huge organization can make this type of grantmaking its default. The South Africa team, in fact, is already proceeding with a BUILD-like approach in all of its grantmaking going forward.

“We can accomplish phenomenal things with this \$1 billion over five years, I truly do believe that,” Reich says. “But we can accomplish a hell of a lot more with \$500 million a year, which is the Ford Foundation’s grantmaking budget.”

And from there, she wants the Ford Foundation—one of the sector’s oldest and largest institutions—to become an agent of reform.

“It’s very challenging to influence philanthropy,” she says. “So key for us will be trying to figure out who are the influencers among foundations, who are the folks we really want to move. And go out and engage personally.”

Dorfman at NCRP says a foundation like Ford doing something like this could have a big impact on the sector as a whole, legitimizing this type of grantmaking for a lot of others.

“It’s hugely important. When Ford does things, people pay attention.”

It's worth noting that some of the nation's top new philanthropists don't need to be sold on the idea of providing big chunks of capital to grantees. The Ballmer Group, for example, has embraced this approach since it started up a few years ago, and has lately made a string of eight-figure, multi-year general support grants to anti-poverty groups. Donors from the business world tend instinctively to understand the need to back capacity-building, since that's how venture capital and private equity financing flows. Not coincidentally, venture philanthropy outfits like New

Profit and NewSchools Venture Fund have prioritized multi-year general support for many years.

Meanwhile, we've reported on any number of smaller foundations that give all their grants in the form of general support. The Edna McConnell Clark Foundation is one grantmaker that's long promoted the idea that funders should concentrate their resources more narrowly, with a focus on helping scale the most effective nonprofits—an approach that's now central to Blue Meridian Partners, a funding collaborative it created that aims to move \$1 billion to top organizations working to lift children out of poverty.

In other words, while the sector as a whole is still lagging, Ford is not exactly on the vanguard of the push for general support. And judging by how thinly it still spreads its grantmaking budget, the foundation has a long way to go in making harder choices about where to focus resources and which groups to scale up. In theory, such choices could be made overnight; after all, foundations are accountable to neither voters nor shareholders. In practice, Ford's pace of change reflects the stubborn realities of institutional philanthropy—large foundations tend to move cautiously.

What's important, though, is that Ford is taking some big steps in the right direction. And a lot of people are watching what it's doing.

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