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Minding the Gap

# Minding the Resource Gap II: Value-Added Grantmaking at Work

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Special thanks to Karen Ashmore, The Lambi Fund of Haiti, and Stephen Viederman, former President, Jessie Smith Noyes Foundation

These are times of change and challenge for nonprofits and grantmakers alike. The constraints imposed by the current financial downturn are making it harder for nonprofits to bridge the gap between capacity and sustainability. Adding to the stress are new federal economic policy proposals whose long-term ramifications are still unknown.

With these challenges, however, come extraordinary opportunities for grantmakers and nonprofits to find creative ways to achieve their mutual objectives. For environmental grantmakers in particular, national and international developments—including the passage of the historic American Clean Energy and Security Act, along with initiatives to develop high-speed rail and green jobs and the upcoming United Nations Framework Convention on Climate Change Conference in Copenhagen—mean now is the

perfect time to examine new methods of leveraging the human and financial capital we foundations still have at our disposal.

One effective way to do that is through value-added grantmaking. Value-added grantmaking is about doing more with less, optimizing opportunity, and extending partnerships to new and more effective levels. Ultimately, it's about best practice.

### Beyond Financial Support

This topic was discussed at length at the plenary session of the Grantmakers Without Borders Annual Conference, held in Washington, DC in June 2009. Titled “More Than Money: Value-Added Grantmaking,” the panel explored strategies beyond financial support that can help minimize the impact of asset losses on giving and most effectively respond to grantee needs. Speakers included Karen Ashmore, Executive Director of The Lambi Fund of Haiti; Stephen Viederman, former President of the Jessie Smith Noyes Foundation and currently a shareowner activist serving the Needmor and Christopher Reynolds Foundation Finance Committees; David Mattingly, Program Officer with the Fund for Global Human Rights; and Susanna Shapiro, Program Officer with the Global Fund for Children (GFC).

Photo: Lambi Fund of Haiti



A women's leadership training convened by the Lambi Fund of Haiti.

At the plenary, David Mattingly described how the Fund assesses grantees' needs to consider what value it can offer beyond writing a check. He pointed out the importance of recognizing (and mitigating) the power dynamics of the donor-grantee relationship when identifying the need for capacity building; grantees may feel obligated to express interest in what the donor is offering. He also cautioned all donors to be flexible and responsive to changing conditions on the ground and to factor in the reality that value-added services are often much more labor intensive than simply awarding a training grant to an organization or groups of organizations.

According to Susanna Shapiro, the GFC grant-making model not only provides annual cash infusions in the form of grants, but also works with grantees over the long term to help them maximize the social impact of their projects and programs. Through such value-added services, GFC maximizes its grant dollar by serving not only as a grantmaker but also as a connector and convener to help grantees amplify their reach, diversify their funding base, and enhance their ability to achieve their mission.

After the conference, I asked Karen Ashmore and Steve Viederman to recap and amplify their comments, and to share some specific strategies for value-added grantmaking that other foundations may find useful.

### Helping Grantees to Succeed

Karen Ashmore pointed out that sometimes, foundations actually spend more on value-added grantmaking than on cash grants, and that this practice proves even more effective during financial hard times than in better ones. Some of The Lambi Fund's tactics include:

- **Offering training in capacity building before making grants.** "The Lambi Fund provides extensive capacity building, project management, and leadership training to potential grantees before a grant is ever made," Karen notes. "We have a philosophy that if an organization does not have the capacity to manage a grant, then we work together with them to build [it] to ensure that it has the qualities

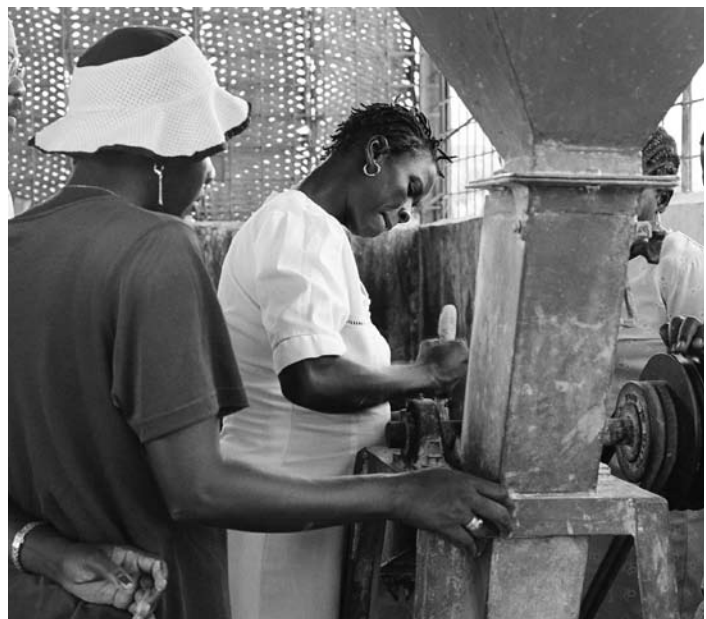


Photo: Lambi Fund of Haiti

Grantees participate in training on the operation of a grain mill.

it needs to succeed. This ensures a more efficient and effective grant."

- **Holding women's leadership conferences.** The Lambi Fund convenes women leaders to learn more about leadership skills. As a direct result, "We are seeing more women-led grassroots peasant organizations. However," she points out, "this [change] can lead to unintended consequences. In some organizations, men grumbled that the women are 'taking over.' So we convened 'gender-equity roundtables' so that men and women can discuss together the reasons why it is important to share leadership equitably. When everyone can work equitably together..., it contributes to the project's success."
- **Making collaborative purchases.** If several grantees have similar projects requiring similar materials, The Lambi Fund will combine orders for a quantity discount, preferring locally manufactured or produced products. "We like to purchase materials and supplies from local Haitian manufacturers

rather than ordering from the United States,” she notes. “Not only does it save shipping costs, but the practice of buying locally supports the local economy, which is something that is desperately needed in a developing country.”

She concludes: “Whether it is project training, leadership building, gender equity or collaborative purchase, all contribute to the success of a grantee project. The more the grantees succeed, the better the grantmaking becomes, because projects are successful and outcomes are attained for the benefit of all.”

### Aligning Mission and Investments

In his talk, Steve Viederman focused on aligning mission and investments, declared that there is nothing like a downturn in the financial markets to focus a foundation’s attention on mobilizing all of its resources to fulfill its mission: “There is no time like the present to get off your assets, putting them to work for you,” he maintains. He encourages foundations to participate in active ownership, a trend taking root in the United Kingdom and, increasingly, in the United States.

“Active ownership’ simply means letting the companies you own (or the mutual funds in which you invest) know that you care about their social and environmental performance, as well as their financial importance. Actions can be as simple as writing a letter to management expressing your concerns,” says Steve. More important is “voting your proxies or instructing your asset managers to vote on social, environmental, and

governance issues. A good starting point is developing proxy-voting guidelines.”

He adds that foundations can also join with other shareowners in filing proxy resolutions, or file them independently, noting “Even small foundations can make a difference.” For example:

- The Jessie Smith Noyes Foundation got Intel to share information with communities when it filed on behalf of a grantee, the SouthWest Organizing Project.
- The Needmor Fund responded to a request from a grantee, the Coalition of Immokalee Workers, to assist them in getting higher pay from Taco Bell, filing with the fast-food chain’s parent company, Yum! Brands.
- The Nathan Cummings Foundation has been successful in advancing resolutions on a number of issues including climate risk, political contributions, executive compensation, and health-care principles.

“Many now argue that being an active shareowner is a fiduciary duty,” Steve points out. “If you think you are too small to make a difference, as an anonymous philosopher once observed, you have never been in bed with a mosquito.”

### A Strategic Approach

However, value-added services aren’t free. Both financial and staff-time costs of providing these services must be considered. Therefore, approaching value-added

grantmaking in a strategic manner can help donors to assess the overall contributions they are making to their grantees’ work and the issue areas they care about, as well as to structure these services in a way that is most responsive to individual grantee needs. Grantees should be involved in the process and given a safe space for communicating which services would be most useful.

As Karen and Steve’s examples illustrate, engaging in thoughtful consideration of value-added services is a matter of best practice in grantmaking, but it is especially relevant now that donors need to find ways to do more with less. ■

Photo: Lambi Fund of Haiti



Lambi Fund of Haiti Country Director Josette Perard leads a training at a women’s leadership conference.