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Get your schmooze on: tensions, perspectives, and paradoxes in NGO funding relationships

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Abstract:
Social problems in many areas are increasingly being allocated to nongovernmental (NGOs). This paper examines how the competing logics among private grantors and NGO grantees create dynamics that may themselves be socially problematic. The intent of this article is to look at these dynamics, and how they may impact our ability to solve problems via NGOs. Using qualitative data from interviews conducted with program officers, grant recipients, and foundation and NGO staff in the US and Latin America, I examine the relationship between nonprofit grantees and their private funders to understand. I seek to understand what the process looks like from each perspective, how understandings of social change are developed and described, what determines the quality of the relationship, and what its implications are for sustainability work that is funded in this fashion. I develop an understanding of these dynamics through a qualitative examination of a series of funding relationships, including grantor-grantee dyads. I find that logics of bureaucracy, transparency and professionalization collide with logics of social movements within this grant relationship, dramatically influencing the character of grant events.

Keywords: development, grantmaking, NGOs, Foundations

1. Introduction

The nongovernmental (NGOi) sector has emerged as a powerful policy force worldwide in recent years. Normally assigned by scholars to the rubric of civil society, non-governmental organizations worldwide work along many lines, facilitating development interventions, acting as organized social movements, providing support services and advocacy, or working as subcontractors to state service programs. All manner of social problems are increasingly allocated to nongovernmental organizations. This paper examines how the competing logics among private grantors and nonprofit grantees create dynamics that may themselves be socially problematic: my intent is to look at these dynamics, and how they may impact our ability to solve problems via NGOs.

Most research on NGOs focuses on coalition building or on their effectiveness in specific issue-areas; this study, however, began with the very basic observation that the process of keeping NGOs financially solvent is fraught with discontent. Thus, I seek to understand how, in the context of sustainable development work, philosophies of social change are enacted within organizations, and how the process of creating and maintaining funding relationships and fulfilling outcome measurements may act on the programming or strategies of grantee organizations.

I am interested explicitly in the interface—the relationship—between nonprofit grantees and their private funders: in how each group frames and discusses the process of creating grant relationships, in the practices, formal and informal, that guide this work, in the assumptions and worldviews that these parties bring to the table, and in implications for sustainability work that is funded in this fashion. I develop an understanding of these dynamics through a qualitative examination of a series of funding relationships, including grantor-grantee dyads. The different characteristics of this grant relationship (for example, the formal and the informal norms governing it) have dramatic influence on grant events, and different philosophical orientations come into conflict in the process of negotiating those relationships. My respondents are all major US foundations engaged in North-South funding partnerships with grantees in Central and South America. This interregional funding relationship has not, to my knowledge, been explicitly studied, and generates a series of interesting questions regarding the logics and the practices that govern such exchanges.

This research elucidates an interactive dynamic in the nonprofit sector between two contrasting discourses operating simultaneously within the funding relationship. Such discourses are important organizational characteristics, defining the "desirable", and setting up norms and values, and mediating meaning within an organization. One discourse in this study encompasses both bureaucratic ideals and professionalization, and is generally used by foundation grantmakers. The other discourse is of social movements, generally found among NGO grantees. This examination attempts to shed light on the consequences these distinct logics generate as a product of their collision within organizations. NGO grantees in this study, almost without exception, identify as activists within activist organizations, and tend to frame their involvement with sustainability and development as the semi-formalized arm of an ongoing social movement. Foundation program officers generally come from activist backgrounds, but move into bureaucratized foundation positions to "coordinate" social change; they value professionalization as a tool in meeting this goal. These program officers are charged with combining the passion and charisma of grassroots organizations with the bureaucratic ideals of professional grantmaking organizations. Because the two frameworks are both logistically and ideologically incompatible, these individuals depend deeply on social networks to negotiate information problems and conflicting priorities.

Further, recent civil society and government emphases on transparency help to push ideals of replicability, reproducibility, accountability, and efficiency to the forefront in foundation work. Unlike the public sector, the third sector was left to its own devices for much of its development, and the emphasis on fiscal and programmatic accountability is a product of only the last several decades. As a result of public and congressional pressures, new institutions evolved to put accountability procedures and policies in effect (Ospina, Diaz, & O'Sullivan, 2002; Ylvisaker, 1987). These procedures have developed towards greater fiscal transparency, which in turn helps generate greater legitimacy in the public eye. A related part of the logic of the foundation mind is about being professional—hence, transparent: foundation understandings of professional work refer to high-status, white-collar positions requiring formal education and consistent professional structure.

NGOs on the other hand, similar to social movement approaches, use issue framing tactics (Snow, 2007), respond to political opportunities (Kriesi, 1995), and deploy a language of resource mobilization (McCarthy & Zald, 1977) when discussing their searches for funding. The activist frame of many social movement and collective action discourses strongly values qualities of individual charisma, leadership, and flexibility. Building on Della Porta and Diani's definition of social movements as "informal networks based on shared beliefs and solidarity which mobilize around conflictual issues and deploy frequent and varying forms of protest" (Porta & Diani, 2006), I argue that formalized NGOs might count social movements as important predecessors to both their identities and their approaches to their work. Organizations ranging from the Southern Poverty Law Center to Greenpeace were born of specific activist and social movement traditions; the Latin American Grassroots Initiative, an NGO respondent discussed later in this study, was formalized after several years of work by activists to build peace in communities ravaged by the Salvadorian civil war.

These social movement dynamics, in turn, depend on specific leadership qualities, especially charisma. Charismatic leadership in organizations generally, and in social movements especially, has a long history as inspirational. Many movements and movement organizations count such leaders among their most transformative assets. Tasked with being both "mobilizers," who inspire participants, and "articulators", who link the movement to larger society (Gusfield, 1966; Morris & Staggenborg, 2007), these charismatic leaders, by virtue of their exceptionalism, are highly attractive to funders and supporters. In its pure form, as Weber reminds us, charisma "has a character specifically foreign to everyday routine structures" (Weber, 1947, p. 363); that is, it is specifically un-bureaucratic. Charisma is an individual characteristic in the funding relationship that helps shape funding decisions. NGOs have inherited this tendency of social movements to attract or generate charismatic leaders, and resent when such charisma must be subjected to the bureaucratic standards—generally implemented in pursuit of transparency—of grantmaking organizations.

Funding relationships embody a strain between these two fundamentally incompatible logics and further, between two somewhat incompatible *identities* that accompany them (the activist, vis-à-vis the coordinator, the professional, the bureaucrat). Each funding relationship thus represents a series of opportunities and contingencies, and balancing the demands of various stakeholders through processes of "negotiated accountability" (Ospina et al., 2002) is one of the primary occupations of both nonprofit and foundation staff. Romzek (Perry, 1996) conceptualizes identity-based work—such as activism, in many cases—as explicitly political (rather than legal, hierarchical, or professional), an insight that can help us understand why this disjuncture can have such profound effects. Foundation program officers use social networks as mediating mechanisms. Social networks, built upon both shared experience and identities are a means by which actors in this study negotiate a set of conflicting ideologies (Brass, Galaskiewicz, Greve, & Tsai, 2004; Marsden & Friedkin, 1994)—that of the activist, and that of the professionalized changemaker.

2. Methodology

In this article, I draw on two waves of interview data, conducted over the course of two years, that constitute a “commodity chainii” analysis of grant monies, looking specifically at the quality and character of grantmaking relationships between NGOs and donor organizations working in sustainable development. Grant relationships between philanthropic foundations and small NGOs generally consist of two actors: the grantor (in this study exclusively private foundations) and the grantee (in this study NGOsiii working in sustainable development). Most grantmaking processes share several elements: the Letter of Inquiry (or LOI, a several-page letter outlining an organization’s general emphasis and potential matches with funders), a full proposal (invited after the grantmaker expresses interest in the LOI), and, upon final approval by a foundation’s Board of Directors, a grantmaking period generally between one and three years in length. Grantors and grantees monitor progress during that period, and the grant usually terminates in some sort of evaluation process.

I conducted a comparative “commodity chain” analysis of these processesiv, tracing grant funds from six major US grantmakersv and through two small intermediary foundation grantees. Grantmakers were selected via the Foundation Centervi, an online resource in the philanthropy world that is the gold standard of foundation resources among nonprofit practitioners. In order to gain an understanding of the field based on some of its most influential players, I identified grantmakers working in sustainable development that fell within the top 100 US grantmakers (as measured by monies awarded annually), and contacted relevant staff to request interviews. I spoke primarily with program officers, program directors, and other senior staff and Board members within these foundations.

I then contacted grantees of these major foundations to request interviews with relevant staffmembers about the *specific* funding relationships and about grantees’ approaches generally. As with the foundations, I spoke primarily with program officers, program directors, and other senior staff members within NGOs. I followed some grant monies all the way to their final ‘destinations’ (programs on the ground), though, due to issues of accessibility, I was not able to provide complete chain analyses for all respondents. Two respondents and secondary grantmakers, the Worldfunds Foundation, and the MacMillan Foundation, were in the unique position of being both the funder and the funded, as they both received grants from funders and made grants themselves. They provided insight into how monies are (re)designated as they travel through financing channels, and how one organization can contain the struggles and paradoxes of both positions within the funding relationship. I conducted interviews with staffmembers from six grantseeking organizations, five of whom were successful in their application processes and one of whom who was not.

The study consists of fourteen in-depth semi-structured interviews, conducted over the phone and in person, both in the United States and Bolivia between January 2009 and August 2011. The study covered the grant relationships between twelve different organizations; however, I was not able to access staff from every organization for comment.

Organization	Institutional Role	Relevant Staff Respondent(s)	Staffmember Position
Isaacson Foundation	Grantor	Robert Ishmael	Program Officer
		Carolyn Illium	Program Associate
Hilltop Fund	Grantor	Alice Hemmingway	Program Director
Picarelli Foundation	Grantor	Jim Portes	Program Officer
Branton Fund	Grantor	John Bringhurst	President and CEO
Worlfunds Foundation	Grantor and Grantee	Stephanie Fenton	Director of Special Initiatives
		Antonio Fernandez	Scout and Board Member
MacMillan Foundation	Grantor and Grantee	Trina Mintz	Program Director
		Lyn Mamzack	Program Officer
Sustainable Technology International (STI)	Grantee	Robert Kent	Executive Director
Latin American Grassroots Initiative (LAGI)	Grantee	Herb Braxton Antonio Sancho Olas	Board Member Founder
Desarollo e Arte (DESARTE)	Grantee	Franz Morales	Executive Director
Campaign for World Peace	Grantee	Sam Hotchkiss	Program Associate

All subjects were asked to describe, in their own words, the process of seeking/securing a funding partnership with the other relevant organization(s). Grantors were asked to describe how they identify grantees, if and how those processes differ from published guidelines for grantseeking or grantmaking, what challenges the organization faced in awarding funds, what outcome measures were implemented and why, and how the foundation approached questions of mission and strategy both within their own organizations and among their grantees. Questions to grantor representatives also sought to shed light on organizational decision-making and accountability processes. Grantee staff were asked how they identified funders, if and to what degree they had prior contact with program officers, to explain if and how the application proceses differed from other grantseeking experiences, and to identify the critical elements in obtaining a grant. All subjects were asked for their opinions on the standard philanthropic funding model and process. Interviews with grantors and grantees were conducted during the same period of time, rather than consecutively, in both waves.

Following Small (2009), I consider these multiple-case studies. Case study logic (as opposed to sampling logic) proceeds sequentially: each case provides an increasingly accurate understanding of the question at hand. It is iterative. In other words, each case yields a set of findings and a set of questions that informs treatment of the next case, towards the objective of saturation, rather than towards the fulfillment of a predetermined sample number. These refinements assisted with my coding processes; as themes emerged, I refined questions and interview practices to better elucidate them with subsequent respondents and cases. Interviews lasted between one and three hours, and all were recorded, transcribed, and if necessary translated by myself. I have used only the English translations of Spanish conversations.

In addition to interviews, I thoroughly examined the published documents that each organizational respondent had made available online through their official websites. These documents include but are not limited to mission statements, vision statements, program descriptions, and information regarding application processes.

3. Results

Six themes within the data help answer the research questions laid out at the beginning of the paper: personal relationships, strategy, charisma and leadership, accountability and evaluation, identity, and power. In the subsequent sections I briefly examine each theme. I then consider the conflicts in these discourses, and conclude with some observations on the dynamics of these partnerships generally.

a. Get your schmooze on: personal relationships matter

Foundation staff cite negotiating between long-term support for projects and being open to new ideas as a major challenge in funding relationships. They generally address this challenge through a practice of awarding grants on the basis of personal relationships and through closed requests for proposals (RFPs), though official foundation policy is to accept unsolicited letters of inquiry and/or other requests for consideration. Jim Portes recountsvii:

> *When I arrived at the Picarelli Foundation, it was part of our culture that all of our programs were open programs […] That has changed significantly over time […]The vast majority [of grants are] based upon direct contact with the grant recipient, someone that we know, somebody that we've worked with, somebody that we've funded in the past […] It's all of those built-up relationships, and what essentially become solicited requests.*

These comments hold across foundations; for years, the Branton Fund made grants based on personal commitments alone. Branton hired John Bringhurst as its President and CEO in 2002 to systematize the building of grant partnerships. He recounts:

> *Until 2002 projects were supported because Board members—all of whom were descendants of the founders—would bring personal interests to the Board to recommend them for support, and then essentially there would be some jockeying […] about which projects got supported […] LAGI was the project that was sponsored by one of the branches of the family which had been very interested in work in South America around poverty alleviation […] it was very much the personal passion of one or two Directors on the Board. So it got supported via that Director's individual recommendations for a number of years.*

When Bringhurst took leadership of Branton he foresaw cutting LAGI altogether after 2003, considering it an outlier to the organization's newly formed strategy. However, a personal experience with LAGI's work led to his decision to renew support for the organization. As he and the Branton Board worked to refine funding priorities,

> *I [Bringhurst] got invited to El Salvador, which I had promised for several years to go to and […] which I did in March 2006. And it was a transformative experience for me […] As a consequence of that, I recommended to the Board what is supposed to be a final three-year grant.*

The final LAGI grant, like all of Branton's support to the organization, was a direct result of a compelling personal connection. When asked whether the subjective nature of this award was a good thing, Bringhurst replied "I think it's a wonderful thing. Generally speaking, I think that the distance between North American funders and beneficiaries around world is beyond enormous, and it usually has multiple layers between two ends of the pipeline."

This perspective conflicts directly with the foundation's published statementviii about grantmaking strategy, and represents a disjuncture within one professional's discussion of his own job. Bringhurst himself pointed out that his mandate was to organize Branton for a "more rational, less charitable purpose." He must balance the professionally rational strategy, which he was hired to institute and uphold, and the personal experience of seeing sustainability work in action in an international context. He recognizes that a defined strategy provides his organization with public legitimacy and some standard of systematization, and that he as a bureaucrat is responsible for upholding that approach. However, he explicitly did not adhere to strategy; LAGI may have met Branton's goals, but it was the unique power of the personal visit that decided its fate. Bringhurst framed his treatment of this tension in terms of *distance*.

At Worldfunds, Stephanie Fenton also credits personal relationships with grant success. She describes the creation of the funding relationship:

> *When we were first mulling over approaching Isaacson, we had just brought on the Deputy Program Director who had previously done some consulting for Isaacson, and he knew the Director, Richard Ishmael, well […] Isaacson had just opened up the funding round for their South America program, which is clearly a Worldfunds geographic priority area. I had also met Richard Ishmael at an international funder's conference and introduced myself. Those personal relationships, along with meeting the requirements of Isaacson Foundation […] led to eventually submitting the letter of intent.*

Robert Kent, Director of Sustainable Technology International (STI), a small NGO supporting sustainability programs in Central America and another Isaacson grantee, adds "Sure, you schmooze. I was connected to Isaacson through friends who trusted me". Antonio Sancho Olas, co-founder of the Latin American Grassroots Initiative (LAGI), elaborates on the process from a grantee's perspective:

> *The government kicked me out of El Salvador in 1977, and I began to give talks that year [in the United States] about the situation there. With the support of some North Americans, I began to present grant proposals so they could help us. There were people who introduced me to other people, and who instructed me about how to present, how to speak, how to be concrete. They talked to me about the mentality and the culture of donations in this country. It's not the same as asking for funds in Europe, which can be more abstract, more speculative. Here they want to know: what is the objective, what are the results.*

On behalf of the Sustainable Technology Initiative (STI), Kent notes that his relationship with the Isaacson program officer himself is critical to their grantmaking relationship: "our man at Isaacson is a good one. Isaacson is autocratic in nature, so we rely on his cleverness a lot. Anyway: *asi es la vida* (that's life)."

Some organizations explicitly reported that they are unwilling to fund the unknown: on behalf of Worldfunds, South American scout Antonio Fernandez commented that his organization would have been extremely hesitant to fund an unfamiliar project. It is worth noting, however, that the Isaacson, Noonday, MacMillan, Picarelli, Worldfunds, and Branton foundation websites state that the foundations accept unsolicited applications, implying that the grantmaking process is open, though restricted thematically and geographically. These organizations value ideals of openness, and consider them important parts of their public image (as evidenced through their published policies of accepting unsolicited inquiries). However, this work suggests that they award grants almost exclusively through other channels.

b. "Theories of change": strategy matters

"One of my first challenges [as Executive Director]" said John Bringhurst of his job at the Branton Foundation, "was how to bring focus to a foundation which was united by shared value system, while supporting all sorts of things all over the place."

Such strategy, at least discursively, is a major concern of grantmaking programs. In all of my conversations with grantors, references to strategy occurred repeatedly, often connected to issues of a grantor's accountability to its Board. There is a clear sense that a strategic, rational approach to grantmaking is at least more publicly desirable than a piecemeal system of "supporting all sorts of things all over the place". This affinity for strategy has been documented elsewhere; Shaw and Allen, in a study of a large New Zealand foundation, presented evidence of what "might be termed an objective, strategic approach regarding the development of funding criteria (Shaw & Allen, 2009, p. 87)." Foundations appear to be negotiating a delicate balance between the subjective wishes of their Boards and staff's professionalized approach to program priorities; as the above quote suggests, Bringhurst's project was to construct a coherent discourse out of a number of small, and perhaps not particularly compatible, pieces.

Many of the largest foundations in the United States doing grantmaking in sustainability and development are family foundations, which carry with them a specific set of organizational dynamics. Jim Portes notes, "One thing that I learned very quickly about foundations: all family foundations are driven, to some extent, by the interests of the family members, if the family members are still involved in the foundation." At the MacMillan Foundation, program officer Mamzack agrees, "First and foremost, the MacMillan foundation is a family foundation, and the family is still very involved and on the Board, and so the family really sets the priorities for the program—overall program strategy."

All foundation staff, who are responsible for executing these Board-set missions, discussed an informally closed grantmaking process as a part of a strategy of knowing, employing consultants and relying upon academic training in order to generate understandings of the field and to identify potential grantees. Another strategy to which foundations adhere when seeking grantees is demanding the presence of strategy itself. Says Hemmingway,

> *Certainly one of the things we are looking for [...] is people with a strategic vision of the change they want to help foster, and who have the capacity to clearly state how they want the activities that they are proposing to carry out to help lead them towards that, and people who are focused on identifying achievable outcomes.*

The MacMillan foundation reports looking for similar articulation of strategy: "We use "theory of change" model there—so part of the Theory of Change is that grantees have a Theory of Change. We fund a Theory of Changeix."

The Isaacson Foundation states that the kinds of projects it seeks out are highly consistent with the grantmaking strategy that is available on the organization's website. Says program associate Illium: "What we pursue is very much in line with what we publish. That is really what guides us." However, she later amended, adding,

> *Perhaps what isn't published and that what kind of directs it, actually, is that there's a limited number of organizations that are working in the area that we work in. So just over the span of time that we've been following [this] strategy, we've implemented three series of three-year grants in those locations, and a lot of the grantees have been the same because they are so involved in the work.*

Antonio Fernandez, the Worldfunds scout for its South American grantmaking program, and Stephanie Fenton, the Worldfunds Program Associate, discussed Worldfunds' role as a funder with me. They acknowledge Worldfunds' willingness to "work with" organizations whose projects hold potential, despite a strategic mismatch. Worldfunds provides grant support to the Documentacion de las Aguas Bolivia (DAB). DAB's original proposal to Worldfunds was for research focused on documenting mining practices in Bolivia. Fernandez recounted how,

> *Since 1995 I've been going to Bolivia, [and in] that time I got to know DAB, which plays a very important role in the issue of documentation, and I found that in Bolivia they were lacking a systematic documentation of water practices with respect to transnational environmental and economic justice. [But] just financing a research project isn't the central interest [of the Worldfunds Foundation]. So I talked to DAB and proposed that instead of just doing an investigation, they take advantage of the research they had already done (they had done an interesting history of water litigation in Bolivia) and that they cross it with environmental themes and look for networking opportunities with other organizations within Bolivia working on these issues. As a product of this […] we incorporated someone from DAB into the […] network that I coordinate, and formed the FBCM [Bolivian Forum for Water Conflicts].*

Grantmaking strategy, as is clear from the above example and despite being framed as a highly rationalized process, is often extremely fluid. In most cases, what could be pejoratively framed as "mission creep" (having a mission 'creep' towards available funding or grantmaking trends) within foundations is described as flexibility, shifting, a frame extension, a coordination effort. The initial DAB proposal moved from being a research project to a wider, coordinated effort as a result of Fernandez's personal investment in it, and his willingness to suggest a new direction for a pre-selected organization. It could even be argued that this project was work that Worldfunds wanted to see carried out. Such levels of introspection occur to different degrees at different foundations: Hemmingway says,

> *[Foundation] strategies become more specific, in which case you're basically looking for people on the ground to carry out the work that you think needs to be done. And that's a very, very different relationship (emphasis mine).*

Thousands of miles away, Fernandez's colleague Fenton negotiates daily between the fiscal reality of being donor-dependent, and the ideological orientation of Worldfunds:

> *There's a fine line and a balancing act, because our overall goal is to increase the amount of resources going to the developing world. If slight mismatch could help expand areas in a way that we think would be appropriate, then we have a conversation with our volunteer advisors, and*

> *they have to be in agreement. Recently we had a foundation that […] wanted to expand reach in the Republic of Georgia. […] We recognized that it was an underserved area, so we went to the advisory board to ask about possibilities for expansion […] In this case they said they were comfortable, so we brought on a new advisor and incorporated the mission of that donor into own program work without compromising the essence of our grantmaking programs in any way.*

Neither Fenton nor Fernandez see Worldfunds' mission as compromised as a result of the new partnerships. Both indicated an inability to overtly contradict Worldfunds' mission in the receipt or awarding of funds, and yet both have found a way to secure support without "compromising their missions in any way". This expansion was phrased in terms of seeking "networking opportunities" and "taking advantage of past research," and "incorporating the mission of that donor into our program work." This strategy, on the grantmaking end, is framed in terms of information-seeking, opportunity-seeking, and flexibility. This ambiguous phrasing helps foundation staff mediate between their conflicting priorities—of what they believe is worthwhile work, and of the professionalized approaches they have been contracted to uphold.

It is also worth noting that strategy is culturally framed, and related in large part to the issues of *who* decides on a development dialogue. Isaacson reports that its strategy is developed in a "very academic" setting, employing the discourse of academia, which may or may not be appropriate to the needs of its constituency, and is certainly distant from it. This dynamic stands in potential tension with the generalized development discourse of *empowerment* and questions of protagonism, and certainly could be seen to contribute to a mismatch of programs onto needs. Grantee Olas says:

> *Many [donor] organizations think that they know firsthand what the poor people need, or what recipient organizations define their strategies. And they define strategies and they demand that people stick to those. And this seems to me to be a mental poverty, a certain arrogance, to define the world here from the perspective of the world there […] For example, the conception of the "environment". If the environment is going to be independent of the person, of the community, it seems to me there is a flaw […] We can't separate the person from the forest, nor the forest from the person. There are ideas like that, which are so schematic, so "strategic", not integral or holistic.*

Foundation staff is familiar with this critique. One program officer, speaking about her work in Latin America, says:

> *I don't think that change is going to come about all by itself in the region. And I think that organizations such as ours are in a position to help foster change towards more open societies […] And funding is one way to do that. Where it gets different is who decides what change […] Certainly the philosophy of our particular program has been that we are not the protagonists. We don't have to live with the consequences of what happens or doesn't happen. So we support people who desire to be protagonists in their own contexts.*

However, stated and published foundation strategy, even if it does not fully guide the grantmaking process, has a strong latent function: it demonstrates acknowledgement that a bureaucratized, merit-based system of grantmaking is transparent and publicly desirable. The demands of grantmaking are such that foundation staffmembers vacillate between this published strategy and subjective approaches to awarding money. This ambiguity leaves a convenient gray area in this relationship in which all manner of negotiations may take place.

c. How to institutionalize in the shadow of the charismatic priest: leadership matters

Tensions between systematization as an organizational virtue and charisma as a social movement discourse become starkly apparent in the relationship between NGOs and their funders. Generally, NGOs in their inception are reliant upon personal dynamism and charismatic leadership: they are typically initiated and nurtured by activists. The foundation-NGO relationship, in the beginning, places a premium on charismatic leadership; such charisma is typically necessary to create a funding relationship in the first place. At some point in the organization's lifecycle, however, preparations are made for transitions to long-term, institutionalized, and systematized leadership. Conflict arises, however, in this rocky in-between period. Charisma has a "character specifically foreign to everyday routine structures" (Weber, 1947, p. 363): funders are attracted to charisma and charismatic leadership in NGOs, but subsequently see their role as to help these charismatic leaders formally institutionalize their programs. That initial charisma is something subsequent "systematizers" often cannot match, and the nonprofit organizations often sit in uncomfortable positions, sometimes for years—negotiating an identity that is part social movement organization, and part institutionalized program provider.

Worldfunds still has its original leader of sixteen years, the visionary who invented the localized grantmaking model, and who has "exponentially expanded" the funding base and programs operating around the world. Bringhurst recounts that LAGI as well underwent its most difficult period as an organization in its quest to transfer authority to a long-term leadership team, following the retirement "[of Olas, who] had been running the organization since '86. He was a liberation theologian Jesuit priest […] who was forced into exile during the Salvadorian civil war. He was […] in his late 60s, and was trying to make the organization sustainable after his personal hyperactive commitment to it."

LAGI's intent in approaching the Branton Fund was to build a stable organization that could survive after Olas, addressing, as Branton Board member Herb Braxton put it, the "problem of how to institutionalize in the shadow of this charismatic priest." Jim Portes discusses this sort of charisma as a rationale for more highly personalized relationships and a more intensive process of engagement between grantors and grantees:

> *So much of what we do is based on trust and knowledge [...] And there's so many things that happen with these organizations, all the turnover, all the strife [...] All the places where we work and the organizations we fund: if one or two people leave, everything falls apart. Because these are often small organizations. They are often managed by people who are very dynamic, and the minute that person leaves there's this huge vacuum. All sorts of things happen that we have to be in constant contact with them.*

Foundations, to some degree, hope and help to nurture this sort of systematization both within their own organizations and among their grantees. Charisma, regarded as a desirable quality in activism (and certainly indispensible in the process of starting up nonprofit programs) is explicitly antithetical to the sort of routinized organizational structures that are considered professional, transparent, and accountable (the Isaacson and other foundations repeatedly reference "due diligence" processes to ensure that their grantees comply with legal and transparency requirements). Foundations want to fund charisma, correctly recognizing it as transformative. They also, however, want to fund reliability, accountability, reproducibility, and programs that can be taken to scale or made into templates. Here again we experience a clash of discourses and of priorities, uncomfortably negotiated and uneasily resolved.

d. Evidence-based indicators versus storytelling: accountability matters

Evaluation is generally agreed to be an important part of any organizational undertaking. However grantors and grantees appear to have very different opinions on the function and logic of evaluation within their programs.

No respondents mentioned an accountability relationship that examines the foundation's accountability to its grantees.

Foundations consider accountability on two levels: within the foundation (the Foundation's accountability to its Board), and between the foundation and the NGO (the NGO's accountability to the foundation). These two different evaluations are related but distinct (interestingly, NGOs seemed to be unaware of the internal evaluative procedures that take place *within* foundations). Foundation respondents did not clearly differentiate between their self-evaluation and grantee evaluation—they discussed their own evaluation systems, transitioning almost imperceptibly into the evaluative procedures governing the relationships between themselves and their grantees. Foundations generally create multi-layered systems intended to track grantee progress towards goals, which then becomes part of a larger series of indicators they use for tracking their own progress. Many foundations report using "dashboards" and other electronic tools designed to aggregate grantee stories "up", for presentation to their Boards of Directors and donors. Hemmingway recounts:

> *Progress on goals is what we track […] I mean, when you're running a[n NGO] program it's a lot easier to deal with evaluation and indicators and benchmarks. In the kind of work we do, the nature of the work and the fact that we're one step removed from the action makes it a lot more challenging. And we've been struggling with this over the last couple of years. We lay out our strategic priority areas, our goals, and objectives. And we do reports on progress on goals using evidence-based sort of indicators of progress made. What we don't have is a particularly good system for tracking that, and we can't include everything because it becomes totally unmanageable.*

Two things are apparent here: the first is that she considers foundation accountability to be more difficult to represent fairly than NGO work. Second, she perceives external pressures requiring that she demonstrate impact. These pressures come from the foundation's Board, the entity with a legal mandate to ensure that the organization fulfills its mission to the best of its ability. These demands are also political in a broader context; many foundation employees report a recent increase in the levels of stringency and oversight from both the IRS and congress, which translates to foundations pressuring grant recipients to show immedieate results.

Foundation staffmembers have several consistent complaints of their evaluation processes, a principal one being that the timing of these evaluations does injustice to NGO work and to their own program's impact. Several grantors reported that their individual programs altered the review timeframe, lengthening the time between evaluations because, as Hemmingway continues, "often what you are looking at is outcomes from investments made a year or two or three ago. These processes take a long time, and it's very difficult to get to the one-to-one relationship between your investment and what's happened within a timeframe." Jim Portes agrees, saying that his program evaluates every five years: "We're talking about [environmental] conservation here. It takes years! If we did reviews every two or three years, it would be ridiculous. It would be a bunch of fabrications, quite frankly."

Systems of reporting between foundations and grantees look somewhat different than internal foundation evaluation. Grantors acknowledge that reporting requirements can be a significant time committment for their grantees, and though no foundation reported having a fully efficient system for tracking grantee progress, many mentioned the potential burden that reporting constitutes for NGOs. One program officer told me that he meets with a group of other conservation donors biweekly to develop common systems for conservation outcomes so "that we don't keep bugging grant recipients with different measurements." Hemmingway concurs:

> *We do leave it to [grantees] to decide how they're going to monitor [outcomes]. Partly because most of us have run operational programs in the past. We realize that our grantees are dealing with multiple donors, and if each donor proposes a different kind of evaluational system, it puts the organization in an impossible position.*

A foundation program officer describes the accountability and evaluation process with his grantees in the following manner:

> *Between me and the grant recipient, a lot of it gets worked out prior to […] Immediately after the Board approves the grant […], they get a formal letter from the president that's essentially a contract. And they have to sign it, literally, and say it's a contract […] We also have attached to that letter a reporting guideline.*

Apart from the technical reporting requirements, many foundations appear to feel caught between dichotomous views on what evaluation *should actually be* and what it should be used for; this tension is reflected in a lack of field-wide best practices or general expectations. Foundations report ongoing conversations about the differences between *informational* evaluation and *learning* evaluation:

> *There's those of us who believe that evaluation is most effectively used for learning. How do you learn in order to make your work more effective? As opposed to a strictly evaluational perspective: Did you do what you said you were going to do? And they're not particularly compatible […] Because if you put the emphasis on accountability, and doing what you said you were going to do—in most cases we are dealing with support for complex social phenomena […] And if you're locked into doing what you said you were going to do, it gives you a lot less flexibility. You've become a lot less innovative and creative, and are tied into reporting on ideas that you've had that have become locked in time.*

This tension is apparent throughout the grantmaking world. Mintz, program director at the MacMillan Foundation, is frustrated by the lack of learning-based evaluation practices among her grantees:

> *A lot of places that we work are places where USAID goes. USAID, and World Bank […] So the norm in philanthropy, the norm in the evaluation thinking […] is more logframe, compliance, and bean counting, in my perspective. And questions of utility and credibility get lost in that. It's kind of this top-down show of—you know, "we've got to report to Uncle Sam and the American People that you're using your money right!"*

Grantee perceptions of this process differ from those cited above, and clearly perceive this emphasis on "bean counting". At CWP, program associate Hotchkiss describes a grant evaluation on the following terms: "[It was] eighteen questions or so, all sort of essay short answer type things, all fragmented. Nothing that says "Explain what this grant is about" but rather "explain this little portion of it."" Isaacson's Program Officer Ishmael was unsatisfied with the initial Worldfunds proposal due to a lack of sufficient evaluation processes. Worldfunds staffer Fenton recounted that,

> *Worldfunds has a trust-based model which is informal, passive communication between grantees and advisors […] Originally ours was not a metric space proposal, but a kind of narrative storytelling type […], and a kind of participatory process. They requested a metrics-based approach, a series of indicators that they tracked throughout the grant period […Ishmael's] support of our work was absolutely essential in the process of getting approval for the grant. Without it, there would have been more serious questions from the Board of how they could demonstrate the contributions that we've made, which you really can't do. So he really fought hard to get this proposal approved.*

The concern with the original Worldfunds proposal is immeasurability. How does one quantify capacity building, especially within a short grantmaking period? I asked Isaacson's director Ishmael about this. He responded that outcome measures build a sense of commitment from the grantee towards its funder, and further, that,

> *There is a difference between outcome and output. Output should be clearly quantifiable, the results of what the money has done. Outcome is hard to measure…and has to do more with other changes in society. That's one of the weaknesses of the program. Grantees have a responsibility to the donor community, but there is also a sense of and a need to create structure for the grantees themselves. Isaacson staff has a responsibility to its Board, and must show them what has been done with the Board's money.*

This friction is evident in phrasing: it is the "Board's" money, not the organization's money or the program's money. Ishmael is negotiating a delicate balance, accountable to his superiors for significant resource expenditures and for the legitimacy of his program, and yet on some level recognizing that outcomes—the crux of sustainability work—are not inherently measurable. Olas agrees that the balance is difficult:

> *[In the US] they want to know: what is the objective, what are the results. The emphasis is much more on results that you can measure, and for that reason it is much more difficult to seek funding, for example, for peace. With an economic project you can say, "these chickens will lay twenty eggs a week", but the question of peace is a question of values, of change, of mentalities, of activities, and it's difficult to subject it to a measure.*

At Branton, Bringhurst articulates a similar perspective:

> *Certainly my job as president is in one part is to serve as the conduit between what we as staff believe would be the most effective ways to advance the Foundation and the mission, and at the same time to hear from the Board exactly what they think we should be doing, and keep those things in bound. It is dynamic.*

These pressures—foundation priorities, international norms set by international entitites, accountability procedures that have their roots in theories of open societies, and negotiations between foundation Boards and foundation staffpeople—thus form a chain of structural realities that shape the way that accountability and evaluation practices are done in the private grantmaking world, and which act powerfully on the interface between grantors and grantees. The disparity of perspectives between grantors and grantees seems to come in as regards the tensions between learning processes and information/compliance processes. NGO grant recipients understand fully that continued funding is based, to some degree, on the ability to demonstrate that their resources have been used successfully. The incentive is thus to demonstrate success, because foundations can decrease or cease funding flows if they are unsatisfied with either accounts of compliance or the stories that they receive from their donors. It is in this place of measuring and accounting that foundation program officers must truly negotiate between their activist and their bureaucrat identities, structuring outcome measures that they recognize as flawed in defense of their foundation's profesional reputation.

However, foundations have a real and seemingly increasing desire to use NGO and programmatic experiences as ways to learn more about their approaches and about processes of social change generally. Those two priorities are not wholly commensurate—the incentive structure for grantees creates a pressure towards demonstrating impact and "bean counting", telling the story they think foundations want to hear—versus engaging in what foundations term "evaluative thinking." The evaluative process therefore, while not in a total stalemate, certainly confronts significant challenges due to conflicting incentives, priorities, and philosophies.

e. "The passion for something—it's like love": identity matters

A further notable difference between grantors and grantees concerns the identities of foundation and NGO staffmembers themselves. Foundation employees primarily frame their work as strategic and rational, seeing themselves as motivators and coordinators who fund and direct movements for change. At MacMillan, Mintz describes her responsibility as "to fund, but also to influence" change work. Carolyn Illium says "My personal interest in working for Isaacson origininated when I came out of grad school wanting to have a broader perspective on the work that's being done in international conservation". Hemmingway echoes:

> *I am very much motivated in terms of a desire to be in support of movements for constructive change in this world […] what gets me up in the morning is our ability to put money in the hands of people who are committed and who are doing effective work for change. And to help link those people, and to help them see themselves as parts of broader movements […] And to see how the sum of the parts can be more than the whole.*

Several foundation staff also noted a desire to try to change the way that grantmaking works, or simply to be a part of the structure that gives money as opposed to the structures that receives it. Portes says:

> *[I took this job] to try to change a little bit the way that grantmaking is done. And I don't say that with any hubris. When I entered the job, I actually talked with the people who were going to be my bosses about the ways in which foundations are perceived, and the ways in which I wanted to make sure that I would not continue those sorts of stereotypes.*

Robert Ishmael says of his position at Isaacson, "I had worked for thirty five years on the other end. It seemed like a good combination of my expertise and Isaacson's expertise." At the MacMillan foundation, Mamzack notes,

> *I was familiar with [the NGO] world, and of course, almost anyone who is in grantwriting and fundraising kind of dreams about being on the other side of the desk, and working for a foundation and being able to give out money, instead of ask for it [laughs].*

The non-profit workers interviewed tend to frame themselves as activists, and to frame their grantmaking process the semi-formalized arm of an ongoing social movement. A resource-mobilization frame is appropriate to their purposes, and is, in fact, widely employed in conversations on funding. At the CWP, Hotchkiss says:

> *I had this 'conversion experience'[…] and it was clear from that moment forward that I needed to be doing something with my life, which was bringing more justice to the world. I didn't know what that meant at the time, but as I explored that and this and that organization, I came to be hooked up with the CWP pretty shortly after that.*

Antonio Sancho Olas's perspective is also very much that of an activist. He says:

> *I see the needs and the good that could result of my project, the freedom from poverty…and that's where things change. The passion for something—it's like love. You fall in love, and it takes on a life of its own. In the way that you live it, you give yourself to it. It's the same way working with poor people. You have to love the poor people and see in them the capacity for liberation.*

Foundation respondents all indicate a clear understanding that there are, minimally, two roles in this change work—those who do it, and those who fund and coordinate it. NGO staffmembers, however, tend to frame foundations as fully part of the "other"; their comments suggest that they see the foundations as part of the establishment they are trying to transform.

f. "Makes me die a little inside": Power matters

Finally, and perhaps not unexpectedly, NGO respondents without exception touched upon ways that power and power flows manifest themselves within the grantmaking relationship. A major part of conversation reflected dissatisfaction with these dynamics. Hotchkiss says,

> *The entire [grant application] process makes me die a little inside. It's this radically asymmetric relationship. The power dynamics in it are the antithesis of everything that we're trying to do with our organization. We step through the door into this space, where it is a given that the relationship we have with our funders is not honest […] You go in with the understanding that you're going to talk nice and smile and things like that […] in order to gain an outcome that you can go back and report to your Board, and that sounds nice. That's the usual goal. We lie to each other just enough so that at the end of the day we'll have money and they'll have something they feel like they can talk about.*

Morales, at DESARTE, says that his project is working towards self-sustainability so as to avoid some of these potential power and risk pitfalls:

> *DESARTE was born—was born intentionally—as a self-sustaining project. The idea is to arrive at the maximum level of self-sustainability possible, a project of social co-responsibility with the public, and with the [rest of the] third sector […] I have seen, in many cases, that the search for financing can be totally destructive. [Destructive] in terms of social relationships, between people, and also in terms of transparency, right? Between funders and funded. It's true that it's not always like that, that there are organizations who manage that relationship very well, but there are many—a lot of risk.*

These elements of the NGO discourse on grantmaking emphasize power imbalances and risk imbalances, themselves critical parts of revolutionary discourses. Bringhurst concedes that,

> *Foundations in general have the opportunity with relatively little pushback to stay true to their purpose. You can say what you want to, and there's not a lot [grantees] can do. I think it's more difficult among small organizations struggling to find the support they need to maintain their integrity, when there's significant funding that may not fill the bill exactly.*

Foundation staff seemed willing to acknowledge this issue of power when prodded, though their narratives assigned considerably less weight to the issue.

4. Discussion: discourses, imbalances, and the communication gap

These six themes highlight important responses to the questions laid out in the beginning of this paper. Here I revisit each question briefly.

a. Differential framing and inconsistency in discourse

This research found that the grantmaking process, almost without exception, is subject to very different narrative construction by both the funder and the funded, and that it is in these constructions that disjunctures occur between how each side makes sense of the relationship.

There is substantial inconsistency in discourses, both within and among staff of the two different types of organizations. Grantors and grantees share a practice, and there appears to be relatively little actual misunderstanding about the carefully choreographed steps that lead to grant relationships. However, descriptions of the same process differ greatly. Each group has its own explanations, logics, and understandings of why and how social change happens, and what its role within that process should be.

Within foundations, there is slippage between the published discourse and staffmembers' practice. Formal foundation methodology upholds ideals of rationality and transparency in grantmaking work, but staff is able to deal with information overloads and conflicting priorities only through strategies of personal connection and subjective reactions to strategy and charisma. Foundations rely heavily upon scouting, academic knowledge, and personal networks in order to identify potential grantees. The process is highly subjective, though that subjectivity is reluctantly acknowledged. Foundation discourses proceed from published mission statements and broader civil society ideals; however, my research suggests that alternative discourses are mobilized as needed in order to deal with conflicting priorities and double accountability binds.

This puts potential grantees in a double bind as well. Successful grantseekers understand their responsibilities to both conflicting obligations *and conflicting discourses*. Grant recipients must do what the foundation *says* that it wants, but also what the foundation *wants in practice*. Those applicants who can skillfully cultivate personal relationships and/or manipulate their project frame to grantors' liking are able to secure monies; those who are less successful networkers, or whose political frames undergo unsuccessful manipulations, are not.

Many foundation interviewees noted that they came to grantmaking from "the other end" or "the other side"—meaning from NGOs. This emphasis on "the other side" is particularly noteworthy, and further betrays this internal strain. In many cases the stated goal of foundations and NGOs is nearly identical, involving some iteration of supporting grassroots work, sustainability, empowerment, and/or conservation abroad. These two entities are, by most accounts, engaged in the same project; disjunctures appear regarding organizational relationships *within* that broader goal. They do not have institutionalized ways of communicating with each other outside of a specific grant proposal—several respondents remarked that they had never had this sort of conversation with an organization on "the other side" of the funding relationship.

Foundation staff, on the other hand, complain that NGOs don't take the time to understand their missions and how they set out to do their work. This bi-directional segregation and lack of information contribute, unsurprisingly, to a lack of mutual understanding as to the challenges and logics that both parties face in the process of building funding relationships.

b. Practices, incentives, and idiosyncrasies

A number of implicit, unpublished practices guide the grantmaking process, one of which is a field-level practice of foundation idiosyncrasy that creates pressure towards continued relationships. Both NGOs and foundations, having made asset-specific investments (Williamson, 1983) in the process of building relationships, have an incentive to continue working together. This further pressures NGOs to continue demonstrating success. The different approaches regarding accountability practices also help incentivize continued pairings between grantors and grantees, and these idiosyncrasies impede the development of field-wide best practices or norms.

Foundations also have an incentive to frame their calls widely in order to generate as much information as possible about the current constitution of the field. My evidence suggests that though "open" calls are described as such, foundations know what sorts of grantees they are looking to support and release open calls more for purposes of public image. Managing a program based on a system of open calls is administratively overwhelming; thus most foundations do the majority of their grantmaking via other channels. The risks in such an approach are minimal, potential payoffs in the form of information are large. Though such a practice does indeed create diversity among prospective grantees, it continues to offload the time burden and the accompanying risk onto potential partners.

c. Assumptions and worldviews

There also appear to be major differences between how these two types of organizations frame the project of sustainable development. Foundations emphasize a discourse that privileges openness, flexibility, and transparency, values that are well established within third sector organizations and that are deeply tied to theories of civil society. There is also the corresponding discourse of information—of learning—that accompanies this sort of frame.

Concurrently, foundations emphasize a discourse of professionalism, rationality, and strategy, which in many ways mimics the language of the for-profit sector. There are several reasons for this. Development is still combating the perception that such work isn't valid or useful; therefore, an emphasis on accountability helps to increase perceptions of legitimacy.

As Mintz said, "It's kind of this top-down show of—you know, 'we've got to report to Uncle Sam and the American People that you're using your money right!'" Because foundations feel they lack sufficient legitimacy among the general public, they adopt language that carries with it the validity of other industries—notably, that of the for-profit sector—to convince skeptics of their value. The narrative construction, then, of foundation work is subject to an internal strain between openness and civil society on the one hand, and efficiency and rationality on the other. Though the two aren't necessarily incompatible, they can conflict. Foundation professionals do seem to be beginning to create a more unified discourse of professional philanthropy, with its own language and concepts, and this process is especially apparent around issues of evaluation and measurement.

A common foundation critique of the NGO world is that small organizations lack long-term strategic and evaluative thinking skills and capacities. These critiques understand social change as occurring through planned and institutionalized processes. NGO discourses, on the other hand, tend to portray foundations as lumbering, shortsighted, fickle, autocratic, and overly focused on abstract ideas of professionalism and strategy, while portraying themselves as nimble, passionate, creative, and "de la base" (grassroots), emphasizing an understanding of social change that is much more movement-oriented.

These tensions between discourses of activism and professionalism even among foundation staff are also highly apparent, and explain much of the ambiguity of the grantmaking process. Foundation program officers are generally ex-NGO staffmembers, meaning that their past activism informs their behaviors and that they are familiar with the social movement discourse that underlies most NGO development work. They occupy "boundary roles" (Galaskiewicz & Mullaney, 1985), and are responsible for mediating the environmental conditions around their work. In their foundation capacities they are tasked with systematizing and professionalizing foundation activities in the face of the highly idiosyncratic Boards, deploying strategic and bureaucratic procedures in order to maintain their legitimacy as program officers and as rational organizers of social change. These program officers thus experience a double "pull" both downwards, from their grantees, whose activist identities tug on their own activist heartstrings, and upwards, from their Boards, whose demands require that they tell a story emphasizing the professional elements of their work. This conflict manifests itself in subjective practices that adhere neither to the foundation ideal nor the NGO ideal.

5. Implications and Conclusions

This research suggests that, despite the numerous critiques of the system and the obvious disjuncture between discourses, foundations are actually highly efficient in both finding and funding grantees that fit their requisites. Foundations are not in a position of having too few grantees, or of funding grantees whose missions and work are an imperfect fit—they have sufficient grantees and their grant monies are fully allotted. However, the costs of such a system are allocated disproportionately to the NGOs, who bear the brunt of the risk in both relationship-building processes and accountability processes, in part because they publicly conform to the grantmakers' narratives during the process of building grant relationships. However, it would be a mistake to presume that foundations have exclusive claims to the exercise of power in this relationship. Foundations need grantees to demonstrate their legitimacy, while for NGOs, the biggest check on activism is funding.

As I have demonstrated, the grantmaking process contains a series of interactions and negotiations that have considerable impact on which nonprofit organizations are funded and what sort of work is executed. The study of third sector organizations is still fragmented, and this work suggests a number of new directions for investigation. Further, it explores interesting tensions between identities, and suggests that work on the interactions and interfaces between social movement discourses and professionalization is a fruitful avenue for further study. It also adds a cautionary note to thinking on nonprofit work generally. As Olas observes, “Money by itself doesn’t do anything. You have to unite all the elements in order for people to be successful.”

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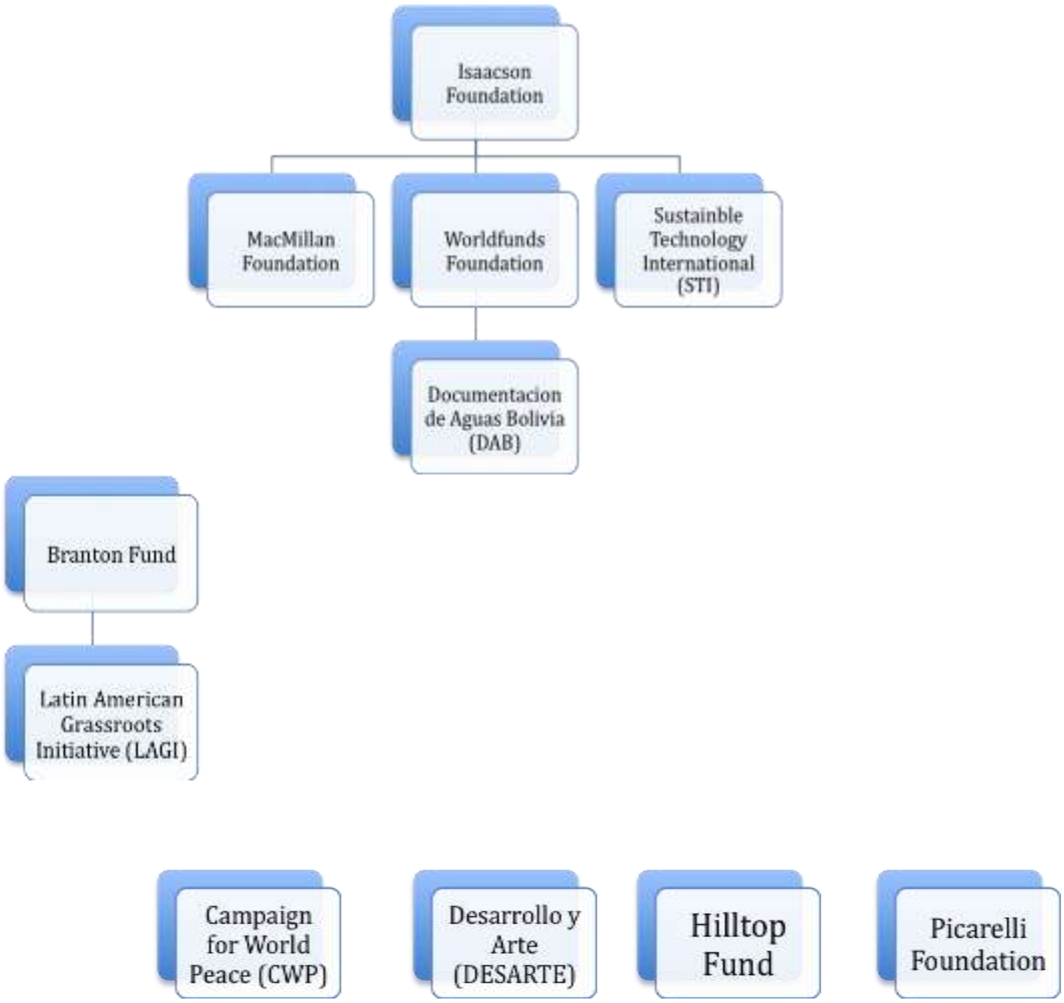
6. Appendix: Grantmaking Family Tree



Notes

i Nongovernmental organization (NGO) and nonprofit organization (NPO) will be used interchangeably in this piece.

ii The global commodity chain analysis as an analytical approach was originally developed by (Gereffi, 1994) and others to study industrial commodities. A commodity chain, defined as "a network of labor and production processes whose end result is a finished commodity" (Hopkins & Wallerstein, 1986, p. 159), is analyzed by looking at the different nodes within that network. Here I transpose this idea to the process of funding relationships, examining the nodes and ties that help form a funding network and funding relationships.

iii Though many foundations are also incorporated as not-for-profit non-governmental organizations, the term NGO shall be used to refer only to grantees in subsequent discussion.

iv See appendix for graphic on participating organizations.

v All names, of organizations, programs, and staff members, have been changed to protect privacy.

vi See http://www.foundationcenter.org

vii I have removed the hesitations of ordinary speech for the sake of readability in transcriptions.

viii At the time of research, the Branton Foundation stated on its website that it accepted unsolicited letters of inquiry and requests. However, the stated that it had changed in policy in 2009 due to the economic crisis, approximately one month after my final contact with them, announcing that the organization would no longer be accepting unsolicited applications.

ix See http://www.theoryofchange.org. This respondent did not indicate to me that Theory of Change was/is a community of practitioners.

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