



Establishing Strategic Grantmaking Priorities

From Program Priorities and Operations in Foundation Building Sourcebook: A practitioners guide based upon experience from Africa, Asia, and Latin America
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Section 2 **Establishing Strategic Grantmaking Priorities**

The following section addresses the issue of establishing strategic priorities for grantmaking programs. It looks at how foundations have selected issues and geographic focus in order to achieve impact. It also explores the issue of how foundations adjust their programs in response to new needs and opportunities.

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Identifying Thematic and Geographic Priorities for Grantmaking Programs

How does a foundation determine the precise nature and scope of its grantmaking program? The mission provides the overall framework for what the foundation aims to achieve. The Board, with the support of staff then determines how the foundation will fulfill its mission with the resources available or that it will raise. Sometimes this is achieved through a strategic planning process involving various combinations of Board, staff, and external consultants. In cases where the foundation is involved in convening events, these may serve as a means of identifying needs and challenges not currently being addressed.

Some Steps in Determining Strategic Priorities

The following were some steps taken by foundations in this chapter to determine their strategic priorities.

Defining the Foundation's Policy

Board and staff, make a variety of decisions that define policy and give shape to the grantmaking program. Two of the key policy decisions made by foundations in this section were:

- Whether and to what extent the foundation will operate its own programs and how these will complement its grantmaking function
- What is the philosophy and methodology behind the foundation's grantmaking effort

Needs Assessment

Conducting a needs assessment can help the foundation decide on its strategic priority issues. The foundations in this section have found that a strategy with a focus on tackling specific issues is more likely to have a measurable impact than one addressing too wide a range of problems. A needs assessment can help determine whether or not the grant program will target specific communities such as women, children, youth, indigenous people, ethnic minorities or victims of human rights abuse. The assessment can also help determine the geographic areas where the greatest needs and opportunities may lie. It may also examine how existing organizations (government and non-government) address these needs and what measures could be taken to increase their effectiveness. Finally it may attempt to survey future areas of need and gaps in existing service provision.

Continuous Reappraisal of Program Priorities

For most of the foundations in this section, evaluating their programs and progress is a normal and important part of their work. These evaluations can show weaknesses and strengths that will, at times, suggest new priorities for the foundation. Where major changes in the political landscape occur such as the inauguration of the democratic government in South Africa, foundations may take a fresh look at their program priorities. Such was the case of the Equal Opportunity Foundation (EOF) in South Africa that decided to change its program priorities in the light of changes in the funding situation for the nonprofit sector that followed political changes. Other foundations find that dramatic increases in their available funds present them with opportunities to expand the geographical and thematic scope of their grantmaking programs. Such is the case of the Foundation for Higher Education (FES) in Colombia.

Summary Points

Needs assessment can assist foundations in determining grantmaking priorities.

Foundations derive valuable information to guide their grantmaking program from systematic needs assessments. These enable them to identify all the relevant organizations active in a given sector, such as women's rights, the strengths and weaknesses of their respective programs and gaps in the provision of services. They also help the foundations identify ways in which they can best support the work of those organizations.

Foundations need to establish a clear program focus by theme and/or geography. To avoid dispersing their resources and energies too widely, foundations seek a clear focus for their work. Options are to select grantees by theme/target group and/or location. In the case of CYFP in the Philippines, grantees were selected by theme and by region, with a focus on children and youth in need in the least served and poorest regions of the country. Later the thematic focus was further narrowed to concentrate on issues such as the prevention of child abuse and exploitation.

Program priorities may change in response to new opportunities and resources. The FES case describes an evolution in program scope from a narrow thematic and geographic focus (support for higher education in one city) to one that seeks to impact on selected areas of social policy at the national level. In the process of expanding the program FES identified the need to strengthen existing nonprofit organizations delivering services and so designed a specific program component to deliver financial and technical support to that sector. Program expansion was made possible by the foundation's success in generating additional resources.

Program focus may change in reaction to macro-political transformation. Where major changes occur in the national political environment such as from a non-democratic to a democratic government, the foundation may wish to re-examine its program focus. The EOF reviewed its grant program priorities following the installation of a democratic government in South Africa. This political change ushered in changes in government funding priorities and a shift in foreign donor preferences. Reacting to these changes and a review of current needs in areas addressed by current programs the EOF Board decided on new program priorities in under-funded fields such as early childhood education.

Example 1

Leveraging New Innovative Approaches

Children and Youth Foundation of the Philippines

How CYFP determined its focus

The Children and Youth Foundation of the Philippines (CYFP) was created in 1993 by two US-based foundations – the International Youth Foundation (IYF) and the Consuelo Zobel Alger Foundation. Research contracted by IYF to assess the needs of children and youth in the Philippines and what funding was available to respond to those needs determined that a new local grantmaking foundation should be established. The organization that resulted from this decision took on the mission to:

[I]mprove the conditions, prospects and quality of life for children and youth, ages 5 to 20 throughout the Philippines.¹⁰

Translating this ambitious mission into a feasible set of programs that would accomplish the desired impact was the first challenge the foundation faced. With a planned starting budget of only US\$500,000 and faced by a significant challenge (there were 32 million people below the age of 20 in the Philippines, of which over half lived under the poverty line), CYFP had to quickly decide how to target its grantmaking. The Board decided that CYFP: a) was primarily a grantmaking foundation and, b) would select organizations it wanted to fund rather than publish requests for proposals. CYFP would then seek to partner with these organizations around areas and issues that they shared in common.

As a preliminary needs assessment CYFP commissioned a study to survey the universe of organizations working directly with children and youth in need. This resulted in the preparation of descriptions of two hundred organizations, mostly registered non-governmental organizations, of which CYFP asked thirteen to prepare grant proposals in order to launch its program.

Towards CYFP's goal of increasing the quality of services to target groups in its priority geographic areas and advocating for their needs, it selected the following three strategies:

- Identify, strengthen, expand and replicate existing children and youth programs that demonstrate effectiveness
- Provide grants to organizations implementing these programs
- Strengthen the capabilities of indigenous organizations working for the sector¹¹

Stage One (1993 to 1997): Support for “Model” Programs with a Geographic Focus
Through its grantmaking, CYFP sought to identify and support “model” programs in child and youth programs. By focusing on supporting and evaluating programs that work, CYFP felt it was strengthening successful programs that could be broadly shared and replicated. The task of identifying potential models was continuous. In carrying out this task, CYFP conducted its own surveys of organizations and received recommendations from university departments, government agencies, and NGOs throughout the country.

The purpose of its grants was to help organizations (referred to as “partners”) increase the impact of their work. In addition to grants, CYFP provided opportunities for its grantees to share learning and information through staff exchanges. Through membership in YouthNet, an international network of youth organizations coordinated by IYF, CYFP's grantees also had access to other approaches and information.

CYFP decided against setting up and running its own programs. However, in its support of other organizations run by individuals with clear vision and strong skills, it did on occasion provide consultants to assist in the development and monitoring of new programs.

CYFP concentrated its grant program in the five least served and poorest regions of the country. It was thought at the time that concentrating on the geographic areas with the greatest need would enable the foundation to maximize its impact. In planning sessions involving the program staff, CYFP developed an approach called “area management.” Under this approach the Foundation assumed the role of linking together partners in selected areas in order to sharpen their impact and facilitate the sharing of experience.

In addition to focussing on the five poorest regions CYFP also decided to support projects in the capital region as a means to gain greater visibility and be in a better position to work with policy makers. Within the five geographic areas and the capital region, and informed by the results of its needs assessment, CYFP focused primarily on support for partners addressing the following issues: street children, indigenous children, exploited children, child-survivors of armed conflicts and disabled children.

Stage Two (starting in 1997): CYFP Moves from a Geographic to a Sharper Program Focus

According to Fely Rixhon, CYFP’s Executive Director, when the staff were evaluating CYFP’s progress in 1997 “we realized our limited funds would not go far if we concerned ourselves with many programs. We decided we would achieve greater impact by focusing on a few selected program areas.”¹² The staff recommended to the Board a change from its area management approach to one that focused on particular issues. The Board agreed and the founder, the board chair and the executive director met to select the areas of specialization. They chose four program areas:

- Prevention of child abuse and exploitation
- Promotion of justice for children and youth
- Enhancement of the economic potential of disadvantaged children
- Promotion of alternative and culturally sensitive education for indigenous children

They found that the majority of CYFP’s existing partners would still be supported as their programs fell within these areas. At that time, CYFP also decided that program staff would become “program specialists.” Each would develop in-depth knowledge and experience in one of the program areas and would be proactive in seeking out new partners working in the selected program areas.

In the 1997 Annual Report, Jaime Augusto Zobel de Ayala II (Chair) and Patti J. Lyons (Founder President) described how the lessons of the first four years helped the Foundation decide on the focus for its future programs [emphasis added]:

Its experience of four years in judiciously assisting children and youth programs has given CYFP a clearer and deeper view of the target sectors and their needs. Thus from this broad vista, the Foundation has pinpointed strategic areas where it could make the greatest impact. It is now toward these areas that attention and resources are being directed.

In terms of primary clientele, the poor, the marginalized and exploited children in both urban and rural areas have become the focus of assistance. Foremost among these would be street children, the sexually abused, those forced to work or sell their bodies for a living, children exposed to violence, out of school youth, and indigenous children and youth.

Also, CYFP has zeroed in on four program thrusts as a result of this focusing: **prevention of child abuse and exploitation, promotion of justice for children and youth, enhancement of the economic potential of disadvantaged children, and promotion of alternative and culturally sensitive education for indigenous children.** ¹³

CYFP also became aware during this second stage of the need to combine support for institutional strengthening (guided by the setting of performance standards) and impact evaluation with research into practice and policy. It sees continuous evaluation as helping to ensure programs are achieving the desired results. This evaluation involves an important “external” component through a staff member of the Consuelo Foundation, trained in evaluation methodology. These evaluations have been important in showing ways in which program impact can be strengthened. For example, evaluation of programs working with street children showed the critical need to provide complementary support to families and communities once children are reintegrated with their families in order to avoid relapse.

As a result of its early experience, the Board saw the need and the opportunity to take on an advocacy role in influencing policy-making, drawing on the experience of its partners. This was considered a vital complement to the support being provided to organizations grappling with the needs of the ground. It was therefore decided to complement grantmaking and technical support with advocacy initiatives in the National Capital Region by working closely with coalitions of NGOs concerned with the welfare of children and youth.

Example 2

Rethinking Grantmaking Focus

Equal Opportunity Foundation (South Africa)

Before 1994, the Equal Opportunities Foundation (EOF), which was created in 1986, supported a broad range of anti-apartheid initiatives including educational scholarships and a range of programs providing capacity building and skill training for people in South Africa marginalized under the apartheid system. After 1994, however, the political and economic context in which non-governmental organizations were operating in South Africa changed dramatically with the end of apartheid and the inauguration of a democratically elected government. Foreign donors, who previously could not work with the South African government, were now channeling their resources to government instead of NGOs. The nonprofit sector was undergoing significant change. The competition for funding was causing many organizations to fold.

How EOF Re-Determined Its Grantmaking Program Focus

In 1998 EOF began re-determining its program focus. Executive Director Anne

Emmett described the process as follows:

For us, integral parts of this process were determining our vision, mission, objectives. . . . In relation to developing objectives, key areas addressed included:

- Grantmaking program
- Human resources program
- Financial management program and fundraising
- Administration program
- Program co-ordination

All of the above are inter-related in realizing our mission¹⁴

Both staff and Trustees participated in the process and an external organizational development specialist was hired as facilitator.

As part of this review process the Foundation undertook research in nine of the poorest provinces of the country to determine social needs and to identify all other support organizations (government and non-governmental), as well as the areas they funded. The analysis of the research results led to the recommendation to close some program areas as it was clear they were being adequately funded from other sources. For example, it was determined that both the government and corporations were very active in the field of educational bursaries, and that the government was also engaged in the area of popular culture.

At the same time, the Foundation assessed its own resources and capacity. Weighing this assessment and the research results together enabled the Board to reach agreement on a new program focus.

The Foundation decided to work in the following four sectors in all nine provinces surveyed: early childhood development, income generation, women and gender and primary health care. Within these, priority was to be given to the Early Childhood Development Program which was to receive 40 percent of the total grant budget. This decision was made because of the size of the sector, the legacy of neglect of the sector under apartheid and the clear evidence that support for this sector could contribute to the reconstruction and development of the country by laying the basis for life-long learning.

Example 3

Broadening Priorities in Response to New Opportunities And Resources
Foundation for Higher Education (Colombia)

The Foundation for Higher Education (FES) grew over a thirty-five year period from a modest beginning to become one of the most influential grantmaking foundations in Latin America. Its experience shows how a foundation can broaden its portfolio of programs by identifying new needs and opportunities and mobilizing the human and financial resources required to respond to those needs. Because of its ability to generate funds (helped by a favorable legal environment that enabled it to become a commercial financial services provider) and the vision of its leadership, it has been able to have an impact at a number of levels. Its programs range from policy research in the health and education sectors to the creation of innovative financial mechanisms to support the institutional development of NGOs. The case

shows the importance of having clear goals and of being strategic in selecting program fields.

1964-72: Support for One University

The original mission of FES Foundation was to help one public university in Cali (Universidad del Valle) meet its cash flow and program expenses. It started life as a channel for research grants from US foundations such as the Rockefeller, W.K. Kellogg and Ford Foundations. Contacts with US universities, facilitated by the Ford Foundation, generated the idea of gradually building an endowment.

1972-1980: Broader Support for Higher Education and Research

The first major change in its program came in 1972 when FES decided to separate from the University del Valle. This decision was sparked in part by political conflict at the university which made it difficult for the foundation to carry out its activities, and partly because FES had created a successful model for financing research programs which it was keen to share. This led to an extension of the geographic scope of its programs in order to share the successful model with other institutions of higher education, as well as other NGOs in Colombia, and was the first step towards broadening the foundation's vision and role in Colombian society.

FES's ability to take on support for a wider range of programs was greatly increased by the decision in 1974 to transform FES into a Commercial Financial Services Company (a specific type of financial institution under Colombia law) without losing its social mission and its nonprofit status. FES found within the financial world an opportunity to increase its economic resources; it was enabled to fund its own programs and support other initiatives by local NGOs. In broadening its programs the foundation also benefited from increasing interest among international organizations for the support of applied research in social development.

Among its new programs FES decided to support the development of new health service delivery models, a multidisciplinary center for rural development research and a partnership with a foundation supporting new science education methods in rural schools. Increasingly FES became aware of advantages in developing partnerships with other nonprofit organizations and government institutions, such as the center and the foundation. This approach enabled it to increase its impact and attain greater visibility at the national level. The Foundation saw itself as playing an increasingly important role in generating knowledge (FES uses the term "intellectual capital") for the government and the wider community on options for policy and practice in different sectors of social policy.

In 1977, the Board approved the broadening of the foundation's program priorities to include:

- Financing research; establishing a prize for the best research work on social development
- Providing permanent scientific and academic funds (Managed Funds)

- Supporting research on the problems of higher education in Colombia
- Financing cultural projects¹⁵

1981-1988: Increasing Commitment to Social Development

The next significant change in program priorities came in 1980 in response to a challenge by the Vice President for Social Development to use the foundation's increased income from its financial services to achieve greater social impact. The Board approved an ambitious redefinition of FES' charter as follows [emphasis added]:

The Foundation will have as its general objective the promotion of the social development of the country, mainly giving its support to education, scientific and cultural programs that will contribute to improving the **quality of life of the whole population**, with emphasis on the **most socio-economically deprived groups**.¹⁶

Based on this new policy statement, the staff prepared a General Plan for Social Action that identified priority areas and programs:

Education

- Promotion of rural education
- Quality of education
- Promotion of institutional capacity for research

Economic and Social Development

- Institutional and community development
- Generation of employment and improvement of family income

Health

- Improvement of healthcare and its administration
- Promotion of institutional capacity for research in health

Environment and renewable natural resources

- Management of natural reserves and regional development
- Environmental education for self sustained development
- Institutional support for conservation NGOs

This sets out FES' thematic foci within the broad field of social development with support being provided for both applied and policy research and innovative action projects at the community level. A common thread running through all the program priority areas is capacity building, retraining and education with a particular emphasis on management training. FES program guidelines state that financial, technical, promotional and administrative support will be provided to:

- Organizations and programs aiming to improve the quality of life of disadvantaged social groups
- Educational institutions, especially universities
- Scientists and research institutions addressing national problems
- Community participation in efforts to solve community problems
- NGOs and the private foundation sector active in Colombia, both national and international
- Government¹⁷

From 1989: Institutional Support for Non-governmental Organizations

In 1989 in response to demand from its NGO partners, FES added a new program to provide institutional support for NGOs and other types of CSOs by enhancing their technical and administration skills as a means of becoming self-reliant and sustainable. Also, in recognition of the need to provide increased support for the evaluation of social impact, a grant program to support evaluation studies was opened in 1990. This program has grown to the point where FES is providing financial resources and technical support to almost 500 NGOs.

One of FES's goals is to enhance the communication between civil society organizations and the government with a view to promoting good governance and public policies that benefit low-income communities. In implementing its grant program, FES seeks opportunities to form partnerships between the private and public sectors and civil society in order to increase impact, and leverage more resources. As part of its direct operations FES plays a national and international convening role with other foundations and organizations, like, for example, the Colombian Confederation of NGOs, on subjects such as strengthening the foundation sector and improving cooperation between civil society, government and multilateral lending agencies. FES has also played a leading role in drafting new legislation for the environment and the nonprofit sector.

From the above we can see how FES' thematic and program priorities evolved over time. Starting as a foundation with a narrowly defined program both geographically and thematically, it expanded to play a variety of roles. It played a leadership role in providing links between civil society organizations to ensure that they share skills and experience and do not duplicate programs. It also shared its experience in strengthening civil society organizations in Colombia at a regional level by hosting the Regional Secretariat for Latin America and the Caribbean of CIVICUS: World Alliance for Citizen Participation, a global civil society organization.

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¹⁰ Children and Youth Foundation of the Philippines. Annual report. 1997.

¹¹ *Ibid.*

¹² Conversation with Fely Rixhon, Executive Director of CYFP. February 1999

¹³ CYFP. Annual Report, 1997.

¹⁴ Taken from a presentation given by Anne Emmett at the Strengthening Civil Society Resource Organizations/Foundations in East Asia Conference, Philippines, May 1998.

¹⁵ Ocampo, Alfredo. *Fundación para la Educación Superior (Colombia): A Case Study*. New York: The Synergos Institute, 1997.

¹⁶ *Ibid.*

¹⁷ *Ibid.*