

INSIDE DEVELOPMENT | PHILANTHROPY

# Q&A: Ford Foundation puts the grantee 'in the driver's seat'

By *Catherine Cheney* // 04 October 2019

**Topics:** *Funding, Private Sector, Institutional Development, Ford Foundation*



*Kathy Reich, director of Building Institutions and Networks at the Ford Foundation. Photo by: Ford Foundation (<https://www.fordfoundation.org/about/people/kathy-reich/>)*

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NEW YORK — The Ford Foundation (<https://www.devex.com/organizations/ford-foundation-44554>) is dedicating nearly half of its grantmaking to larger, flexible, longer-term grants — and not telling grantees how to spend the money. The approach “gets you great results, is feasible, and will lead to substantially better relationships with your grantee partners,” according to Kathy Reich, who leads the foundation’s BUILD initiative.

BUILD, launched in 2016, is a \$1 billion, five-year effort to support social justice (<https://www.fordfoundation.org/work/our-grants/building-institutions-and-networks/>) organizations around the world. The initiative takes a new approach to grantmaking as part of an effort to invest in the long term capacity and sustainability of organizations working to reduce inequality.

When Darren Walker became president of the Ford Foundation in 2013, he, the executive leadership team, and the board brainstormed about how to position the organization moving forward. The feedback they received informed the design of BUILD, which currently works with 270 partners in 26 countries around the world.

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— Kathy Reich, chief, Ford Foundation BUILD initiative

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Now, Reich is sharing her learnings in hopes that other funders will replicate the foundation’s method of “putting the grantee in the driver’s seat.”

This interview has been edited for length and clarity.

***How did the design of BUILD represent a departure from the way the Ford Foundation was making grants?***

The way Ford was putting money out into the world tended to be project grants — one year, or at most two years at a time — even though they were partners we were funding year after year. And often in a fairly directive manner, with the program officer having a vision of what they wanted to accomplish looking for nonprofits to fund to support this vision.

This was really keeping nonprofits from doing their best work. When you get that kind of funding, it keeps you on this treadmill of short-term thinking, because your time horizon isn't really thinking out beyond your next grant. This was a problem for just about everybody in the sector.

BUILD started as a pretty simple idea to give larger, longer, more flexible grants that were more focused on institutional strengthening. That kind of grantmaking is not all that new. Lots of funders have done it. You often see geographic-based funders, community funders — sometimes venture philanthropy will fund in that way.

Where we are a little different — and what Ford's unique spin on this has been — is to do what we call putting the grantee in the driver's seat.

It's to say to them, “We're not going to tell you how to spend this money. We're going to ask you to tell us. And we're really going to partner with you throughout the course of your BUILD grant knowing that your context may change very dramatically in five years and the funding should be flexible and adaptive and responsive to that.”

To me, what is really interesting, and maybe a little bit new about this kind of grantmaking, is the emphasis on deep partnership between the donor and the entity that's being funded, and a sense of trying to level the playing field and really build trust and a sense that everybody has an equal voice around the table.

***What have you found to be the major challenges in implementing the BUILD initiative and what are the lessons for other funders?***

I think there are four barriers that get in the way when you want to do this. The first are concerns about accountability. “How are we going to know if they're actually going to spend the money in a responsible way?”

Just because you're giving out large, flexible grants over a period of years does not mean that A, you don't do a lot of due diligence at the front end and B, that you do not closely monitor the grant and what's happening with it all the way through.

We do much more extensive due diligence at the front end of a BUILD grant than we did before — particularly around issues of financial sustainability and governance — and then the program officer is more involved with a BUILD grant in terms of having a deep level of familiarity and ongoing communication with the grantee.

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It's just a different communication. It's not just about deliverables. It's more around having deep conversations with the grantee at least a couple times a year on “What have you tried? What's going really well? What's not going as you expected? What are you learning from that? Where are you adjusting?” The conversations become much more strategic in nature, and both the program officers and the grantees say these are much more substantive conversations.

The second set of barriers are questions about impact and strategy. So objections I hear include “How can you measure success on these grants and how can I know if these grants will help me achieve my strategy if I’m just giving completely flexible dollars?”

Part of the problem is that change over time on an issue like inequality, for example, is really hard to measure and contribution is a lot easier to assess than attribution.

I think that funders do need to change their mindsets both about how they develop their strategy and how they track progress against it over time. And if we have a strategy and we’re not able to find nonprofit partners to whom we can give a large amount of flexible money and rely upon them, it’s probably not a strategy that was created with people in the field.

And so if we can move to a place where donors and nonprofit partners are developing a strategy together, then the nonprofit success becomes your success because everybody is focused on the same kinds of metrics and the same kinds of accomplishments.

The third set of concerns is operational in nature. Ford didn’t do five-year budgeting. Most philanthropies do annual budgeting.

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So there are questions in terms of how you would hand this money out over time, to do things like meet payout, or not go way over payout. And making five-year grants does reduce your flexibility to give out money in other ways and to do more rapid response. What we did in the case of BUILD, is the trustees did create a separate budget from our annual grantmaking budget, but that was an enormous operational challenge that the organization really struggled to figure out how to deal with.

The fourth bucket is the hardest bucket and it's issues of trust and control. Nobody likes to give up trust and control. If you work in a foundation, these are the best jobs in the world, because you have a lot of control over how the dollars are spent. So to me, this is the hardest barrier: How do you trust a partner enough to give them flexible money over a long period of time?

The program officers at Ford were not given a choice. We didn't start this as a pilot. We didn't say we're going to try it in one program or in one part of the world. We said, "You've got to spend 40% of your budget this way." And a lot of them would come back with one or more of these objections. We would say, "We understand. The board has said you've got to spend 40% of your money this way. Let's figure out a way to make it work."

***You're working to share some of these lessons with other donors. What are some of your messages to other foundations having conversations around philanthropy and the Sustainable Development Goals here at the United Nations General Assembly?***

The first thing I would ask is: Who's in these conversations?

If nonprofits and the people that they represent and try to help are not an active and equal part of the conversation, then funders are just talking to themselves — which believe me as funders we're really good at doing.

But the potential for impact when you are just talking to yourself is pretty minimal.

Philanthropy has a unique power to do a few things. They have the opportunity to have perspective because they see a lot of organizations. They have the power of flexible money — even if there's not a lot of it relative to the vast amount of government money out there — the fact that our dollars are flexible gives us unique leverage. They have the power to convene. And they have the power of patience and time. They do not have to rush to do anything.

So how are funders using those unique powers to set tables where the kind of long term strategic planning and agenda setting you're talking about can actually happen?

Ultimately, it does come down to this barrier around trust and control. If funders continue to feel that we know best, that we know the answer, well then that's fine. You take your \$20 to \$300 million dollars a year and you go ahead on your answer.

But if they're actually serious about coming to some sort of global set of solutions around say climate change, or food systems, or what have you, they have to realize the amount of control they can exert is pretty minor — and that they're going to have to trust a whole lot more.

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## ABOUT THE AUTHOR



### **Catherine Cheney** [catherinecheney](#)

Catherine Cheney is a Senior Reporter for Devex. She covers the West Coast of the U.S., focusing on the role of technology, innovation, and philanthropy in achieving the Sustainable Development Goals. And she frequently represents Devex as a speaker and moderator. Prior to joining Devex, Catherine earned her bachelor's and master's degrees from Yale University, worked as a web producer for POLITICO and reporter for World Politics Review, and helped to launch NationSwell. Catherine has reported domestically and internationally for outlets including The Atlantic and the Washington Post. Outside of her own reporting, Catherine also supports other journalists to cover what is working, through her work with the Solutions Journalism Network.