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

With these challenges, however, come extraordinary opportunities for grantmakers and nonprofits to find creative ways to achieve their mutual objectives. For environmental grantmakers in particular, national and international developments—including the passage of the historic American Clean Energy and Security Act, along with initiatives to develop high-speed rail and green jobs and the upcoming United Nations Framework Convention on Climate Change Conference in Copenhagen—mean now is the perfect time to examine new methods of leveraging the human and financial capital we foundations still have at our disposal.

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

**Beyond Financial Support**

This topic was discussed at length at the plenary session of the Grantmakers Without Borders Annual Conference, held in Washington, DC in June 2009. Titled “More Than Money: Value-Added Grantmaking,” the panel explored strategies beyond financial support that can help minimize the impact of asset losses on giving and most effectively respond to grantee needs. Speakers included Karen Ashmore, Executive Director of The Lambi Fund of Haiti; Stephen Viederman, former President of the Jessie Smith Noyes Foundation and currently a shareowner activist serving the Needmor and Christopher Reynolds Foundation Finance Committees; David Mattingly, Program Officer with the Fund for Global Human Rights; and Susanna Shapiro, Program Officer with the Global Fund for Children (GFC).
At the plenary, David Mattingly described how the Fund assesses grantees’ needs to consider what value it can offer beyond writing a check. He pointed out the importance of recognizing (and mitigating) the power dynamics of the donor-grantee relationship when identifying the need for capacity building; grantees may feel obligated to express interest in what the donor is offering. He also cautioned all donors to be flexible and responsive to changing conditions on the ground and to factor in the reality that value-added services are often much more labor intensive than simply awarding a training grant to an organization or groups of organizations.

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

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

**Helping Grantees to Succeed**

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

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

- **Holding women’s leadership conferences.** The Lambi Fund convenes women leaders to learn more about leadership skills. As a direct result, “We are seeing more women-led grassroots peasant organizations. However,” she points out, “this [change] can lead to unintended consequences. In some organizations, men grumbled that the women are ‘taking over.’ So we convened ‘gender-equity roundtables’ so that men and women can discuss together the reasons why it is important to share leadership equitably. When everyone can work equitably together…, it contributes to the project’s success.”

- **Making collaborative purchases.** If several grantees have similar projects requiring similar materials, The Lambi Fund will combine orders for a quantity discount, preferring locally manufactured or produced products. “We like to purchase materials and supplies from local Haitian manufacturers...
rather than ordering from the United States,” she
notes. “Not only does it save shipping costs, but
the practice of buying locally supports the local
economy, which is something that is desperately
needed in a developing country.”

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

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

“‘Active ownership’ simply means letting the com-
panies you own (or the mutual funds in which you invest)
know that you care about their social and environmen-
tal performance, as well as their financial importance.
Actions can be as simple as writing a letter to manage-
ment expressing your concerns,” says Steve. More
important is “voting your proxies or instructing your
asset managers to vote on social, environmental, and
governance issues. A good starting point is developing
proxy-voting guidelines.”

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

- The Jessie Smith Noyes Foundation got Intel to share
  information with communities when it filed on behalf
  of a grantee, the SouthWest Organizing Project.

- The Needmor Fund responded to a request from
  a grantee, the Coalition of Immokalee Workers, to
  assist them in getting higher pay from Taco Bell,
  filing with the fast-food chain’s parent company,
  Yum! Brands.

- The Nathan Cummings Foundation has been suc-
  cessful in advancing resolutions on a number of
  issues including climate risk, political contributions,
  executive compensation, and health-care principles.

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

**A Strategic Approach**
However, value-added services aren’t free. Both finan-
cial and staff-time costs of providing these services
must be considered. Therefore, approaching value-add-
ed grantmaking in a strategic manner
can help donors to assess the overall
contributions they are making to their
grantees’ work and the issue areas
they care about, as well as to struc-
ture these services in a way that is
most responsive to individual grantee
needs. Grantees should be involved in
the process and given a safe space for
communicating which services would
be most useful.

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