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Who Needs 'Em? The Role and Future of Intermediaries

Wednesday, July 18, 2012
2:45pm-5:15pm
Rotations 1 & 2

*Please note that these notes have not been reviewed
by the speakers or organizers of this session*

Session Organizer:

- Alexandra DelValle, Program Officer, Groundswell Fund

Facilitator:

- Alexandra DelValle, Program Officer, Groundswell Fund

Panelists:

- Sangeeta Budhiraja, Astraea Foundation
- Betsy 'Betsy' Dietel, Dietel Partners

Sponsors:

- Wellspring Advisors
- Groundswell Fund
- Astraea Foundation

Alex: How do we even define intermediaries? We came up with intermediaries where funders work in order to reach out to their audience more effectively; also interchangeably referred to as public foundations/public charities. How many represent public/intermediary foundations? And how many of you fund intermediaries? How many of you have questioned the effectiveness of the intermediaries?

I start by saying that I current work with Groundswell, and we re-grant to small grassroots organizations. We have not only noted a decline of grassroots work and but also funding through intermediaries. There are about 52 IHRFG members that identify as intermediaries. They give out about 160 million dollars in funds, which is about 10% of the total funding carried out by more than 270 human rights organizations. But they also make about one-third of the total number of grants worldwide. While we have fewer resources, we give out more grants in smaller dollars. Are intermediaries really necessary? What is their role and how can they be supported? If they are not effective, how can we move the funds to the grassroots? We are joined by Betsy and Sangeeta.

Betsy: I currently fund about 7-8 intermediaries. Dietel Partners advises several families, and major clients hold money in donor-advised funds. We do not work with a foundation board. This structure informs how we do grants differently. When you look at the growth of the donor-advised field, it is good news, rather than giving it to companies. It changes the environment of grantmaking, which has an enormous impact. Many of our clientsThey are young, and new to fundraising. I also know

what the differences between good and bad foundation are. And we look at the leadership qualities and good governments. We fund 8 different program areas, such as global warming and climate change, but also others, We do about 8-12 million in the past 7-8 years, when you look at the scope we are doing, such as organic gardening and safe food, it is a huge area. One of the thing that we do differently is how can we build the space around how we manage our assets. We are starting to push Fidelity to use their efforts in other ways. The money in Fidelity has over 8 billion. We are looking to access resources in different areas, and looking at grantees and how we look at their proposals. It is a concern about strategy, because I think increasingly the area of intermediary is changing, to think about how they change. Where the funding is coming right now. A lot of discussions have to be had about the future and where we need to build support, and what kind of audiences beyond just private foundations.

Sangeeta: I just want to situate Astraea. We are the first public foundation that is solely dedicated to LGBTQI issues international and nationally. We have given \$8.1 million in grants. Just consider the breadth of what public foundations are able to do. We are often the first founders to support nascent organizations, and we do one-third of global human rights grantmaking. It is important to note that we engage in grassroots fundraising. There are a number of different places that we have our feet. Intermediaries not only have grant making capabilities, but also expertise.

Alex: Could you provide one example of funding intermediaries to be effective

Betsy: The place where we have felt the most pronounced is where they have been catalyst of other funds, and we are seeing the fruits of that labor in the past five years. It is good from a field building perspective. They have had articulated plans and themes and could really speak to that in great details. Another element is their funding base, and diversifying their funding source. And of recently, as a funder, looking at dwindling resources, not just an intermediary or not just a fundraising goal, that is what I am more preferred to. Organizations started to look at the donor base, doing their funding differently, those are where we want to partner more. Those are the three points that we want to continue supporting.

Sangeeta: I will try to do a little more framing. Public foundation is mission driven, because we are beholden to the mission, but also to the public. We have a relationship with the grantees. It is not a competition, but it is about mobilizing the resources in different ways. Most of the money is seed money. It is often at a nascent stage and that bring groups together, internationally and nationally. Our expertise is deep and wide, but also with other stake holders. You are in a room with donors and grantees. We engage in policy advocacy and with theory of change. It is a misnomer that we are simply re-granters. There are many things that happen in between. There is another strategy that comes with being an intermediary. We reevaluate regularly, and we can be nimble and shift course, and therefore giving is responsive in that way. It is a misconception is we are pulled in different directions, but we actually do it over time with strategic collaboration, we can collaborate in ways that is not about leadership, but rather about the means on the field. There is a group of 6 women's fund. They pooled their funds and funded 64 LBT foundations. 80% money went into that field. And start to think about how 450 relationships were formed, by harnessing it and casting a much wider net. To bring the groups together, in a way that private foundations can't address the need. There is a capacity building component.

Betsy: we got started about 7 years ago and acquaint our selves with some interest, grassroots and our own personal biases. In some cases, those have become rich relationships and there is serious strategizing and they are doing work that is strategic. On the other side, while movement building is something we all talk about a lot, it is a complicated process, and there is a lot of movement building and hard to figure out what is really happening. There are 2 cases particularly because we did not feel there is good strategy. I hold myself responsible for some extent, we got into it, and we generally fund a general operating fund. When we pull out, it is painful. But there is an issue about

how strategic you are being really. When donor wants to move the dial, there can be points when MB is required, but other points in time, the money can be used in other places. We have struggled with the issue of deeper versus broad. Public foundations have the limit on what they can give. They will move grantee to grantee over a short period of time. We have no idea if that is speeding or whether it builds a long term strategy. We have no partners. We are stepping back and rethink how we do this work. If tomorrow we move one donor, we are leaving the groups in the lurch. The issue of strategy is really critical. There is something we need to be working on.

Alex: it is something that public foundation needs to do, that impact has to be demonstrated. It is about money.

Sangeeta: I am hearing strategy being raised, but it is not a question of intermediaries. We are all thinking of ways to capture impact and to find ways for it look different. We are shifting admission as to what we count as impact. It is a collective conversation that we need to be having. There is opportunity to develop this system of measurement, movement building and political advocacy for the longer term. Because public foundations are receiving a smaller amount, and we disburse smaller amounts – large grant is 75,000 USD and small grant is 5,000USD. The pressure to show impact, we are held accountable to what our grantees are doing, and then grantees develop the strategy we need. It should be a collective conversation, and about understanding an ecosystem of philanthropic funding, rather than what public foundations are doing.

It is about how much money is programmatic cost and about how much money it costs to do re-granting work. For a large foundation to do a small grant, it would cost more than an intermediary. 75-80% goes straight to the organization. In terms of return, all of that goes into the pieces, such as philanthropic advocacy. How do we measure impact? Public foundation can bring new money to the table, whereas private foundations can't. It is about piece of pie that we are responsible for, and held accountable for impacts that is not necessarily what we are accountable for. It is about how to fund to get the biggest impact.

Alex: Money and how much it all costs. Is the added value worth the ultimate impact? Would it not be better to give it directly to the grassroots?

Betsy: Not phrase it that way, but perhaps it can better spend elsewhere? I think that is where we are coming from. I think there are grassroots group to turn the tide of an issue. We can talk about the intermediaries and the benefit of going directly. But as we look at the struggle, that money has to not go into the grassroots work, and you have 5 groups asking to be supported, then it has to be a case by case basis. You can't just turn and off the light switch, and then come back later. It is a challenge. I heard from the larger foundation, we are now going directly into the field, but I don't think we have the capacity. Yes, but we don't have the capacity. For me, a smaller funder, that is a larger concern. The other question is, are they being strategic? Moving into new areas and they have to work across and deal with silo effect (the lack of information flow) of human rights, including the environment and health.

Sangeeta: Just in terms of the overhead cost, and the benefit. We did a little bit of calculation. 75% - 80% went directly to the organizations, but the other money is also the bringing together and the convening. There is a lot that goes on in the 25%, in order for public foundation to take the fair share of the place. We don't have to calculate in that way, but there are different models that we can play with that will make the question irrelevant.

Alex: How do we grapple with that, is it really useful?

Sangeeta: This is definitely been a trend and larger institutions are funding directly. But they are on the radar because of smaller foundations having funded them before, and that is the work of public foundation. I think it is wonderful that private foundation want to be in the field, and public

foundation should continue to seeding, and bringing them together. At Astraea, we talk about the constellation of the field, and maturing. All of them need to be in contact with each other in order to grow. It is about the philanthropic and how we can move resources in a field. Resources go to the place where things are ready to move, and it is the moving of dials. But they are ready due to public foundation funding. If we start to fund where there is opportunity, there will be nothing that moves when no one is seeding. How are we ensuring, and how we are going to split that piece together. Many foundations are gaining more depth at what public foundation say we used to do, and in the capacity.

Betsy: There are some public foundations that are better at making their case, fact of the matter. And there is less and less to work with, and more and more to work in. Why is it considered a good job, and how did the rest of use learn to do it? Funders who fund these organizations tend to get the need to jog their memory of why it is important. I won't name names, but I know who does that well, and who doesn't. It is all about telling the stories better, and the success group that moves on. Those need to be put out there front line and center. When it is about the small groups, it is a problem or small number, but bad leadership

Comment: I am really grateful for the conversation, and what interest me is in my short time, sometimes there is a lack of alignment between public and private foundation, and the role of public foundation, or immediate decision, and it is not productive, and you can't figure them up. How do we continue conversation with alignment of expectations? There are definitely that groups does it well, but many don't do it well. But you can't articulate what you can offer the private foundation. The third way is in which some private foundation less in intermediaries, or making grants towards institutional strengthening grant making. Not all is lost.

Betsy: It was going to be my answer. We are at a hotspot here, about what we do or not support them, I think we can help to keep them strong and help to expand between where they are beyond today. We need to come up with some answer to that. Not just to say that we don't fund it.

Comment: It is a hard conversation, and for the way it is framed. My question around impact, which is something we are trying to work on, and to evaluate how it works. It is a struggle, because we could spend a lot more money on evaluation, than we are funding the groups many years in a row.

Sangeeta: I think it related to your point about strengthening the organization to know what you are asking. My question is to do what? We have been saying that we do evaluation, but if we are not doing the re-granting. It has to be in partnership.

Comment: The idea behind institutional strengthening, ins some ways, they public foundation raises it own profile to get more money, and increasingly public foundations are doing more advocacy, but to increase the advocacy ability, and hopefully it is a big happy endeavor. Public foundations have a role vis-à-vis their grantees, but they also have a role to the public.

Comment: We were the biggest organization re-granter. That is what called grassroots funders. It was hard to struggle to show what is, to be honest about where this is going down the line. Re-granters suffer from unwillingness to talk about what is difficult. We spend money to get it out the door, and if they are expensive, why are we doing that? Grassroots funding seems like an apple pie, but it has gone out of fashion

Comment: Just one thing to throw in the field. We give out about 65%, we are an increasing competitor with our grantees and that is against our nature. We try to be behind the scenes. How much do you want to be in the limelight to bring the money? How to measure impact? It can be done through the advocacy progress planner, which is developed through the institution. We gave out the 80-90k to the planner, it is free, and our grantees use it.

Comment: I never said the third way was easy.

Comment: The Ford foundation cannot bring money to the pie. The public can. But the public foundations can bring more to the field. Most foundations are not a position to do that. One time grant via the pipeline of development of NGOs and they cannot suddenly absorb the 100k grant. We experience the intermediaries and make the public foundation looks good, and there is a period of tension, to which we can come to a place where if we are both funding a group for a period of years, then it is good for the funding.

Sangeeta: For the third way, for the private and public to work together to work from point A and point B, but we need to note that there is a story told around it, that we are It is incumbent to work in partnership in that way , instead of feeding it into the tension.

Comment: I want to thank you all for putting the session together, I would like to give some direct responses. We have been talking about Global Fund for Women. If we say that we are grant making, then how much is it giving out in grants. What I have been increasing pushing for, but to really articulated what is in monetary terms. It is also about due diligence. What you get for your investment. What the GFW is to have a portfolio approach, by using different approach to tackle an issue. That is a lens that we need to use. We need to be clear about what those are, and be clear about that. It is the ecosystem, and thinking about the complex, but not just one level and one strategy, but rather about the outcome and who is funding that.

Comment: Direct a question to the private foundations. We are a private foundation, work with grassroots about 10. The funding to grassroots becomes more popular. They have also become drained of meaning, and grassroots become those in the Global South. It is not only just that they are below the radar, it s just that they are not equipped to receive with the funding, and the foundation cannot work constructively with them. We all have anecdotes. To see what your anecdotes are like, and what your institutions are not equipped to do. We can figure out how we can share that work a little better. There is that level of work, but it is not clear how the private foundation see the gap.

Betsy: Along those lines, I have no idea about intermediaries, but they do fundraising with the grassroots that help them, to build capacity into the space that is needed. This is a form of some other way to help, to get where they need to be in this case.

Comment: think the foundation is very tricky; it is a US centric language, because intermediary is another misleading word. But the beauty of grassroots, the issues of culture and expense and the difference of a funders outside can make a huge different to a small and fledging grassroots organization. Sometimes I get a little worried with private foundation, as they go into direct grant making, and there is very little knowledge. Because you don't want to pay the cost and you want to make a direct grant. You fail to recognize what it means. It is important to distinguish it from the money conversation. There is a value that private foundation brings, but they cannot do the work that a local public foundation can.

Comment: The pipe line. We should be careful not to make it about the trajectory as if it is linear. And we can kind of pass it on, and they have integrated, and not to parse it out into issues.

Rotation 2

Comment: We put two competing pressures on them. We like seeing money going out into new things. Then we need to prune and strategize, and you start putting pressure, to move from being a

grant maker, to be a NGO. And then overhead goes up. And you compete with your own grantees. Putt pressure without thinking about the public charity and not punish them for it.

Comment: When we entered, there were few founders, so we played and still play an important role to have a closer connection to the community. We have the connections in the international disability community. That is important of being the ear on the group that no one else could be. We have a plethora of funders. It is about getting out a small grant. It is about raising the organization that is able to grow and ask for bigger grants. And private foundations rather have for us to have that risk and to take the money,

Comment: It is about creating a pipeline for our grantees.

Sangeeta: it is not necessarily a linear trajectory, but rather to help tell the collective story of the small organizations.

Betsy: The changing landscape. What we are seeing isn't bad, but maybe it is about the change in this type of funders work within the space. They let all flowers bloom, and it is difficult to sell to donor. Given the pressure on the money and pressure from my donors, there is some conversation that needs to happen around. What is the next iteration of public foundation going to look like? This is so that they can move the conversation into a larger audience. We are seeing a change in this type of funding. It is time to step back, and put some capacity building money. To think about their role 20-50 years later. I could see that as money well spent.

Comment: Some have many different stories of public foundation. There is richness to the field that means. One, theory of change. Others are very different, with different lenses. I am mystified by the dwindling resources. I am seeing new spaces. This is not to say that there aren't challenges, there is a lot of work to be done. There is enormous pressure to be efficient. It is one of those situations might be interesting to map what it looks like. They are bringing something to the field. They come out with a strong sense of where they sit. They see themselves as the set of tools to make the greatest impact. All of philanthropy has an impact. Intermediaries are grappling with that too. We want to know. It is important to have conversation because it has grown in the past 15 years.

Comment: Assuming there is no strategy. But the organization has many strategies, more than donors. We have to have it, to get donors. The 10,000 don't see it.

Comment: There is a layer of accountability, not a bad thing.

Betsy: It is not a lack of strategy, but about being strategic. More demand, less money.

Comment: But there is a rise of new intermediaries. You don't have new intermediaries without new resources. There is not significant money coming in. It is stagnant, and we have to thoughtful about what we do and how we do it. More donors of that space, and due to the utility. But it doesn't mean that there is enough money. That is why public foundation is needed to bring in new donors.

Question: Would you get the money for disability?

Comment: it wouldn't have gone in the same way. There is a difficulty giving it out to a lot of small grants. Not in the Global South. It would be top down, not a bottom up approach.

Comment: What is absolutely happen is that people's investment has changed, and so for impact, while I would say is crucial. Because we have a theory of change, and hoping to have impact, the impact is what your business model is. When we look at business models, if we look at the most successful business models, they are intermediaries, like some of their platforms. The word 'intermediaries' does not presume expertise. That why it is a problematic word. In order for us to evolve, we have to develop other models to be success. I wonder about the newness. See a need

and meet it. See an opportunity, and it is not sustainable. They thought there will be funding. We are always trying to aggregate stake holders and there has been a cultural shift.

Comment: Public foundation is about new issues. What we have seen is the fickleness of philanthropy, and the issue of the day. We see our role to carry the torch. We are sustaining the topic when it is hot and when it is not. When Open Society started on it long ago, on the topic of counterterrorism. Now counterterrorism is not at the forefront. It wouldn't have to be the recreation of the infrastructure. It is another role. All the issues we work on have long term change and long term invest. We have to understand how public foundation can be a long term investment. There has been so much movement within our funders. So now we are the long standing one.

Sangeeta: They want to be where the dial is. If the infrastructure isn't there, then there is no movement. Public foundation need to build and hold to the infrastructure. We need to take a good look at the eco system. Whether or not it is infrastructure building. Be seen as a re-granter, it is an issue.

Comment: When the donor interests shift, that is a bit of an issue, even if we have a collaborative fund. Most of the donors sit n the steering committee, and they are involved in building a strategy and invest and decision. Even so, when you are dealing large foundation and government, politics changes. Foundation priority area changes, even though there is the commitment. Then you have to change too. It is about how to be the long term strategic thinker and be able to shift in a moment, because a significant part of your funding has just shifted.

Comment: I have recently come into grant making. That is what it is like to be a grantee, where donors move on. It is possible to be the worst of both worlds, or have the best elements. Private foundation is lacking in accountability. It is about responsiveness. It makes you better at what you do.