

# The Same Goals Through Different Lenses: A Foundation-Grantee Dialogue on Poverty, Gone Awry

By Rick Cohen

The contrasting perspectives in the two featured articles in this issue of *Responsive Philanthropy* represent the kind of dialogue NCRP should regularly feature and constantly promote. Too much of the sector's discussion of foundation practices is dumbed down and spun for public relations. The typical discourse is simple, easily digestible messages that conveniently fit in an annual report or press release, with the hope that the good news story will evolve into positive coverage in the mainstream press.

Not here. This issue of *Responsive Philanthropy* presents two sharply contrasting views of a tendentious controversy between the Northwest Area Foundation and a group of urban Indian communities in five cities in the Foundation's eight-state region (Minnesota, Iowa, North Dakota, South Dakota, Montana, Idaho, Washington and Oregon). They present hard issues without easy answers. Don't expect to find a magic elixir here for this controversy that concludes what's right and what's wrong, or perhaps more accurately, who's right and who's wrong. One thing we do know, both authors, both the Northwest Area Foundation and the various Urban Indian Community groups are engaged fully, personally, and deeply in the theory and practice of fighting poverty, and they should both be applauded.

What happened? The Northwest Area Foundation some years ago made a very public pledge to devote 100 percent of its resources to reducing poverty in the region. Very explicitly, the strategy was a sharp contrast with the classic foundation model, what NWAF president Karl Stauber referred to as the "Carnegie-Rockefeller-Ford model of philanthropy" of testing ideas to be replicated, institutional-



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ized, and brought to scale by government.<sup>1</sup> In an October 1999 paper, Stauber wrote that the Foundation viewed "poverty and the decline of community as vitally linked,"<sup>2</sup> indicating that a significant path to reducing poverty involved the strengthening of community.

The Foundation's strategy evolved forthrightly into an approach that eschewed the idea of the foundation as grantmaker in favor of something quite different: "The Northwest Area Foundation is developing an alternative approach. NWAF focuses on helping communities reduce poverty by identifying, sharing, and advocating what works—not for governments, but for the communities. NWAF no longer sees itself as a grantmaker, with

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nonprofits as its primary customer. Instead, it invests resources to create new knowledge that communities can apply to reducing poverty. Working with partner institutions, the Foundation is trying to stimulate, identify, share, and advocate successful poverty reduction efforts."<sup>3</sup>

No surprise, but due to this new strategy, despite the commitment of hundreds of millions of dollars, the Northwest Area Foundation has attracted its share of criticism along with applause for its anti-poverty commit-

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ment. Critics have included nonprofits in the eight-state region that used to look to the Northwest Area Foundation for grant support; nonprofits that might have applied to the Foundation for grants that were being banked for two decades of anti-poverty work; and even former foundation staff unhappy with the shift in the Foundation's new strategy and operations.<sup>4</sup>

Although the Foundation has made several large commitments to new community partners, in one highly publicized instance, an aggrieved rejected partner litigated. After working for several months with groups addressing the poverty of Latino and Indian farmworkers in the Yakima Valley of Washington state, the Foundation declared its involvement in the Yakima planning process over and pulled out.<sup>5</sup> Various "unpaid participants in the Yakima community planning process" responded by taking the Foundation to court, arguing that the Foundation's withdrawal was essentially a breach of contract, that they had acted in reliance on the Foundation's commitment of continued funding of their planning process.<sup>6</sup> Although the Foundation won at the District Court level, essentially that the plaintiffs lacked standing to sue a charitable trust, the Ninth Circuit Appeals Court rejected the breach of contract argument, but reinstated the portion of the suit in which the plaintiffs contended that the Foundation had reneged on a promise to pay for participants' "incidental costs" such as travel and child care.<sup>7</sup>

The Urban Indian Community story has some parallels with Yakima and some significant differences. It is a process that apparently went deeper and longer than

Yakima's and raises serious questions of definition, diagnosis, and decision-making, community, commitment, and communications. Something really important is at play in these articles about the Northwest Area Foundation's engagement with several communities of urban Indians exploring a regional, multi-community approach to reducing poverty. Many foundation leaders and staff frequently talk about engagement as opposed to simply writing checks, but few do it. The stories here might explain why. Both articles describe the same event, the same planning process, the same Foundation/community engagement with aspects that read and feel diametrically different. They constitute a philanthropic *Rashomon* tale, like Akira Kurosawa's film, in which observers and participants recount the same situation in very different, somewhat credible, and humanly subjective terms.

The two stories that follow underscore the differences between a funder truly committed to anti-poverty work and some potential grant recipients who are no less committed to their communities and the socioeconomic deprivation they face. Nothing here should mean that funders should not take on the "big issue" concerns of poverty and racism. But there are no easy templates with choose-your-own panaceas for funders or their nonprofit constituents. And the more difficult the issues, the more foundations have to prepare themselves for controversy and conflict. That is not a reason to duck the hard issues. Foundation leaders, such as the Minneapolis Foundation's Emmett Carson and the Open Society Institute's Gara LaMarche, have challenged most founda-

tions' tendency to be risk-averse and shy away from the issues that the Northwest Area Foundation has tackled.

Addressing the social needs of our society, Carson wrote, "Now is the time for foundations to experiment with new approaches. And now is the time for each foundation to take risks consistent with its mission and values."<sup>8</sup> LaMarche echoes Carson's theme, observes that foundations "have a moral obligation to use (their)...funds to help society become more just and fair," and concludes "we live in times which call for (foundations')...caution to yield to the imperatives of fairness and justice."<sup>9</sup> The Northwest Area Foundation's strategy for reducing poverty demonstrates that foundations interested in living up to their moral obligation had better be prepared for more than a dollop of controversy and conflict along the way.

These two articles stand on their own merits, presenting their arguments cogently and most persuasively, and hardly need any interpretation here. But several striking elements are—or ought to be—highlighted as universally critical issues in any foundation-grantee collaborations:

**The ethics of intervention:** Both articles directly and indirectly address a truly important issue. When an out-

groups that they have long funded,<sup>10</sup> but hardly addresses how foundations' preliminary interactions with potential grantees might lead to exceptionally sticky inextricable relationships. Sometimes even apparently generous planning grants for groups that don't make it through foundations' preliminaries might not assuage the perceived or real grievances, especially when the topics are not frivolous, but deep-seated social issues such as community poverty.

**Real people and the question of authenticity:** The Urban Indian Community argument raises the question of dealing with people and real communities, not abstractions or statistics. How many foundation leaders experience and truly understand the people, the issues, the symptoms of poverty, which their policies and grants affect? Many times, their responses to foundation programs may not fit expected or projected models or behaviors. When a foundation proposes an approach and offers funding to address a serious social issue at a community or regional level, whether for an extended process of strategic planning or a multi-year partnership engagement, there are real people on the receiving end who will be the ones affected by any philanthropic activity or engagement. In the end, anti-poverty strategies, even those addressing

"structural" conditions, depend on individuals, families, and communities to carry them out.

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side foundation, consultant, evaluator, or intermediary assists people and families in a community, the very act of intervention effects changes, some minor, some fundamental. At the end of the day, the outside intervenor goes home, but for the subject community, this is home. The responses of the Urban Indian Community, making some very strong challenges to the alleged cultural biases and insensitivities of the Northwest Area Foundation, and the Yakima farmworkers, willing to challenge in federal court a foundation in the top one percent of foundations by amount of assets, demonstrate just how vulnerable some communities might feel. Similarly, with extended preliminary interactions meant to lead to large grants, intervenors have to be careful about a dynamic of "creeping commitment." The longer and deeper the engagement preliminaries, the more difficult the process of termination and extrication. The philanthropic literature talks about "exit strategies" for funders trying to disengage from

**"Foundation-directed:"** This story echoes with the programs of so many foundations that have become enamored with "initiatives" and programs that are designed and directed by foundation staff. Nonprofits have to figure out how they fit into the picture, what their roles might be, and how their communities can fit neatly into "initiatives," rather than pitching programs to foundations that are based on their experiences. For some, like NWAF, the foundation ceases accepting unsolicited proposals to rely on its staff and consultants to identify and pick the communities and organizations that fit the foundation's own initiatives. This increasingly popular foundation practice that closes foundations to unsolicited proposals and installs nonprofits into predetermined structured dynamics is not necessarily getting positive reactions from many grant-seekers. Despite foundation pitches that these initiative programs are grassroots-up, most nonprofits experience them as top down. The well-

publicized “comprehensive community initiatives” (CCIs) of a couple of dozen top foundations fit this description all too often, notwithstanding what their press departments produce to the contrary. Rarely, however, do foundation CCIs have much of the community-wide mobilization and planning that the NWAF community venture process entails, at least on surface making the NWAF-funded processes a bit more community-based than those of other foundations.

**Definitions and diagnoses:** In *The End of Poverty: Economic Possibilities for Our Time*,<sup>11</sup> Jeffrey Sachs writes about the importance of conducting a medical-like diagnosis of a country’s—or a community’s—situation in order to craft a response to its poverty challenge. The Northwest Area Foundation posed one conceptual framework for its diagnosis, the Urban Indian Community planning participants generated another. The Northwest Area Foundation used definitions and outcomes to define what it was looking for as targets for and evidence of reducing poverty, while the Urban Indian groups stressed different measures. In retrospect, both sides differed and apparently failed to adequately agree on key concepts and definitions in the process of planning and diagnosis. One might imagine representatives of both the communities and the Foundation nodding during meetings in apparent agreement when in reality, they were miles apart in understandings and analyses.

**Last but certainly not least, serious philanthropy:** Oh that we could have more debates in the sector about what foundations might do, are doing, and ought to be doing about poverty! Give the Northwest Area Foundation credit for being among the handful of foundations willing to go way out on a limb, devote the entire organization to fighting poverty, with a serious if debatable strategy for doing so. Look for cogent information on foundations’ anti-poverty strategies, and you will find predominantly scant and shabby analysis, stories about boutique grants, and profiles of star nonprofit organizations, but not much about how a foundation can construct an approach for using its tax exempt millions in a way that makes sense taking on macro-problems like urban or rural poverty. The NWAF multi-site experiment warrants a serious analysis to see what other foundations, and despite Stauber’s admonitions, what state and federal units of government might learn about approaches to fighting poverty.

We at NCRP weren’t on the scene; we are merely observers removed by time and geography. We are publishing these articles not to declare one side right and the other wrong, but to explore these aspects of the foundation-grantee dynamic which are not unique to just the Northwest Area Foundation and the Urban Indian Community. We are proud to serve as the venue for this debate about a case of serious philanthropy.

*Rick Cohen is executive director of the National Committee for Responsive Philanthropy (NCRP). Since 1976, NCRP has advocated for the philanthropic community to provide nonprofit organizations with essential resources and opportunities to work toward social and economic justice for disadvantaged and disenfranchised populations and communities.*

#### NOTES

1. Karl Stauber, “Changing Means, Clarifying Paths: Philanthropy in an Era of Limited Government,” *Responsive Philanthropy* (Spring 2002)
2. Karl Stauber, “Does Community Matter? The Role of Addressing Poverty” (October 1999)
3. Karl Stauber, “Money Talks—But What Do We Want It to Say?” paper presented at a conference on “Goals and Intentions: What Should Today’s Philanthropy Aim to Do?” sponsored by the Hudson Institute’s Bradley Center for Philanthropy and Civic Renewal (Washington DC, March 17, 2005)
4. Cf. Paul Demko, “Something for the Little People,” *City Pages* (May 28, 2003)
5. Stephanie Strom, “A Withdrawn Aid Offer Leaves Yakima Bruised,” *New York Times* (March 6, 2003)
6. Plaintiff’s Memorandum of Points and Authorities in Opposition to Defendant’s Motion to Dismiss, *Romero v. Northwest Area Foundation* (February 21, 2003)
7. Ian Wilhelm, “Lawsuit Against Northwest Area Fund Proceeds,” *Chronicle of Philanthropy* (March 17, 2005)
8. Emmett Carson, “A Worst-Case Scenario or the Perfect Storm?” *Responsive Philanthropy* (Summer 2003)
9. Gara LaMarche, “When Foundations Should Lead—and When They Should Get out of the Way,” speech delivered at the annual meeting of the Donors Forum of Wisconsin (April 8, 2004)
10. For example, Kim Alter, Paul Shoemaker, Melinda Tuan, and Jed Emerson, *When Is It Time to Say Goodbye? Exit Strategies and Venture Philanthropy Funds* (Virtue Ventures, Social Venture Partners, and the Roberts Foundation, September 2001)
11. Jeffrey D. Sachs, *The End of Poverty: Economic Possibilities for Our Time* (Penguin Press: 2005)