

Principles and Practices for Effective Grantmaking

COUNCIL ON FOUNDATIONS, INC.*
WASHINGTON, D. C.

- 1** Whatever the nature of the entity engaged in private grantmaking, and whatever its interests, it should seek to establish a set of basic policies that define the program interests and the fundamental objectives to be served.
- 2** An identifiable board, committee, or other decision-making body should have clear responsibility for determining those policies and procedures, causing them to be implemented, and reviewing and revising them from time to time.
- 3** The processes for receiving, examining, and deciding on grant applications should be established on a clear and logical basis and should be followed in a manner consistent with the organization's policies and purposes.
- 4** Responsive grantmakers recognize that accountability extends beyond the narrow requirements of the law. Grantmakers should establish and carry out policies that recognize these multiple obligations for accountability: to the charter provisions by which their founders defined certain basic expectations, to those charitable institutions they serve, to the general public, to the Internal Revenue Service, and to certain state governmental agencies.
- 5** Open communications with the public and with grantseekers about the policies and procedures that are followed in grantmaking is in the interest of all concerned and is important if the grantmaking process is to function well, and if trust in the responsibility and accountability of grantmakers is to be maintained. A brief written statement about policies, program interests, and grantmaking practices, geographic and policy restrictions, and preferred ways of receiving applications is recommended. Prompt acknowledgement of the receipt of any serious application is important. Grantseekers whose programs and proposals are outside

**These recommended principles and practices for effective grantmaking are reprinted with the kind permission of the Council on Foundations, Inc. They were adopted by the Board of Directors of the Council on Foundations at its meeting in June, 1980. The purpose of the statement is to provide practical counsel to new foundations just establishing their operating guidelines and to existing foundations and other donor organizations that may be re-examining their policies and procedures. It draws heavily on the experience and insights of foundation executives and corporate giving administrators and is couched in terms of what has proved useful in the successful handling of grants and in the maintaining of good relations with the various publics with which grantmakers must be concerned.*

In putting forth this statement, the Board recognized that it should not claim to speak for all grantmakers and that its recommendations would no doubt be modified or expanded by later boards. It emphasized its belief that the issues raised in the statement should be topics for an ongoing dialogue within the grantmaking community.

Private grantmaking organizations vary greatly in size, in legal charters, in programmatic interests and in administrative style. The Board of the Council has stated that it believes that consistent with such independence and diversity, essential characteristics of private philanthropy in a pluralistic society, there are certain principles and practices that have broad applicability and that their general recognition and broader implementation will both strengthen the grantmaking enterprise and enhance public understanding and support.

the interests of the grantmakers should be told immediately and those whose proposals are still under consideration should be informed, insofar as is possible, of the steps and timing that will be taken in reaching the final decision.

6 Beyond the filing of forms required by government, grantmakers should consider possible ways of informing the public concerning their stewardship through publication and distribution of periodic reports, preferably annual reports, possibly supplemented by newsletters, reports to The Foundation Center, and the use of other communication channels.

7 The preservation and enhancement of an essential community of interest between the grantor and the grantee requires that their relationship be based on mutual respect, candor, and understanding with each investing the necessary time and attention to define clearly the purposes of the grant, the expectations as to reports related to financial and other matters, and the provisions for evaluating and publicizing the projects.

Money grantmakers, going beyond the providing of money, help grantees through such other means as assisting in the sharpening of the objectives, monitoring the performance, evaluating the outcome, and encouraging early planning for future stages.

8 It is important that grantmakers be alert and responsive to changing conditions in society and to the changing needs and merits of particular grantseeking organizations. Responses to needs and social conditions may well be determined by independent inquiries, not merely be reactions to requests submitted by grantseekers. In responding to new challenges, grantmakers are helped if they use the special knowledge, experience and insight of individuals beyond those persons, families or corporations from which the funds originally came. Some grantmakers find it useful to secure ideas and comments from a variety of consultants and advisory panels, as well as diversified staff and board members. In view of the historic underrepresentation of minorities and women in supervisory and policy positions, particular attention should be given to finding ways to draw them into the decision-making processes.

9 From time to time, all grantmaking organizations should review their program interests, basic policies, and board and staff composition, and assess the overall results of their grantmaking.

10 Beyond the legal requirements that forbid staff, board members and their families from profiting financially from any philanthropic grant, it is important that grantmakers weigh carefully all circumstances in which there exists the possibility for accusations of self-interest. In particular, staff and board members should disclose to the governing body the nature of their personal or family affiliation or involvement with any organization for which a grant is considered, even though such affiliation may not give rise to any pecuniary conflict of interest.

11 Grantmakers should maintain interaction with others in the field of philanthropy including such bodies as area associations of grantmakers, The Foundation Center, the Council on Foundations and various local, regional, and national independent sector organizations. They should bear in mind that they share with others responsibility for strengthening the effectiveness of the many private initiatives to serve the needs and interests of the public and for enhancing general understanding and support of such private initiatives within the community and the nation.