

Wind in the Sails:

Grantmaking for General
Operating Support at The Atlantic
Philanthropies (1982-2016)

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Introduction

Grantees typically appreciate the flexibility that comes with general operating support from foundations. Such support enables them to pay for infrastructure and administrative costs not adequately covered through program revenues, and to take advantage of opportunities that might occur. It also offers financial security in times of crisis.¹ For these reasons, many funders provide general operating support to advance their programs and missions. Still, some funders see operating support as going against the prevailing culture of “strategic grantmaking” and results-based philanthropy. For those who favor making those kinds of grants, the questions come down to:

1. *What are the necessary criteria and what are the conditions that increase the contributions for operating support?*
2. *What might the funder do to increase the chances for success?*

During The Atlantic Philanthropies’ final years, the foundation commissioned a series of reviews and case studies of their successes and disappointments, articulating and sharing their lessons from 35 years of grantmaking, totaling over \$8 billion in grants primarily in eight countries. This report describes many of the core operating support practices employed over the course of The Atlantic Philanthropies’ history.

Findings from past reviews show that Atlantic used operating support grantmaking to good effect, helping to advance the foundation mission under a wide variety of conditions. Drawing from case studies, this report examines Atlantic’s experiences with general operating support by focusing on four key elements critical to making these grants:

- Whether and how operating support fit in with Atlantic’s overall approach to its investments
- What mattered as Atlantic conducted due diligence
- How it defined its ongoing role in support of grantees
- How to produce positive impacts even after Atlantic exited

Philanthropy in Context: Grantmaking Practice around General Operating Support Grants

This report defines general operating support as those grants earmarked to cover indirect costs that while essential to organizational functioning, may be a step removed from specific programmatic outcomes. Examples of typical indirect costs include funding essential to supporting a strong, stable, and accountable organization such as fundraising, board development, leadership and staff training, building maintenance, communications infrastructure, and knowledge management.

Historical data from across the US and global philanthropy suggests that core funding is a significant and possibly growing proportion of the foundation landscape. While 16 percent of all grants over \$10,000 went to core operating support between 2006 and 2008, more recent estimates by analysts and advocates are closer to 20 to 25 percent.² Using grants made in 2015-2016, data from the Foundation Center’s *Foundation Map* shows that \$30.7 billion of the total \$146.7 billion grants made consisted of general support grants, touching over 55 percent of the recipients in the data base. Moreover, more than two of every five funders made a general support grant, some 33,285 funders in all.

1 Judy Huang et al. *In Search of Impact: Practices and Perceptions in Foundations provision of Program and Operating Grants to Nonprofits*. Center for Effective Philanthropy, 2006.

2 Niki Jagpal and Kevin Laskowski, K. *The State of Core Operating Support*. *Philanthropy Landscape*. National Committee for Responsive Philanthropy, 2011. Jennifer Teunon. *Rethinking the Funding Equation: Can General Operating Support Become the New Normal?* National Committee for Responsive Philanthropy, 2016.

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Though not a focus in this review, overhead lines embedded into budgets represent an alternative approach to core operations grantmaking. Many funders apply informal or formal overhead caps that may or may not reflect the real costs of indirect needs. There appears to be a growing awareness among at least some of the funders of the dangers of falling short of the actual administrative requirements. For example, the Ford Foundation used to use a 10 percent cap and is now using 20 percent (Walker, 2015).

At best, overhead rates typically represent a partial solution. At Atlantic, informal policy suggested a limit of 10 percent in project and evaluation grants, though Atlantic appeared to have made exceptions in the presence of compelling arguments (i.e., grantee organization could demonstrate an extreme threat to the organization's ability to provide services if it does not receive a higher percentage of its grant in overhead, new organization working in underserved fields, etc.).

Despite the scale of investment, there remains a shortage of concrete guidance for implementing an effective approach to providing core operating support. Some of the clearest most actionable advice comes from funders that are embracing operating support grantmaking and transparency (e.g., the Edna McConnell Clark, F.B. Heron, and Weingart foundations). For instance, the Weingart Foundation shared a set of criteria they consider when evaluating grantees, as well as their systematic evaluation that helped them critique their approach (Brouseeau & Ramos, 2012). They encourage peers to spend on maintenance of programs, focus explicitly on infrastructure, strengthen grantee-funder relationships, and set objectives when providing operating support (<https://www.weingartfnd.org/Unrestricted-Operating-Support-Grants>).

By describing Atlantic's experience in making core operating support grants, particularly how it made its decisions at key junctures in grantmaking, **this case study aims to add to the useful learnings about funders' experiences in carrying out this type of grantmaking.**

Learning from The Atlantic Philanthropies and the Practice of Giving While Living

The Atlantic Philanthropies is a limited-life foundation dedicated to promoting opportunity and equity for vulnerable people around the world since 1982. Atlantic was established by successful entrepreneur Chuck Feeney, who turned over virtually his entire fortune to the foundation, which operated anonymously for its first fifteen years. Because Atlantic believes that it is imperative to address deeply rooted problems sooner rather than later, many of its grants were "big bets" designed to produce lasting results. That belief led to Atlantic's trustees to shed its anonymity and limit Atlantic's life to a fixed term, committing all of its grants by the end of 2016 and closing in 2020.

When it made its final grant commitment in 2016, the foundation had invested over \$8 billion to benefit children and families, older adults, those living in conflicted societies needing reconciliation and greater protections for human rights, and the achievement of better health and health equity globally. Atlantic supported programs, people, and places where it saw the chance to create opportunity and promote greater fairness and equity for all.

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The Atlantic Philanthropies' Overall Approach to Grantmaking

When Chuck Feeney launched Atlantic, he instilled an approach to supporting change that often offered a relatively high degree of opportunistic flexibility. Over time, as the foundation continued to evolve from his entrepreneurial roots, Atlantic continued to seek out visionary and compelling leaders and nonprofit organizations in an effort to give them the programmatic and operating support they needed to achieve their visions.

Grantmaking often combined strategies to achieve results—grants for buildings and for developing the people and programs inside them; grants that paid for direct services along with advocacy for securing government funding at greater scale; grants that enabled research data collection along with training for graduate students and faculty to make the most of the new data.

Despite its decision to become a limited-life funder, Atlantic shares many characteristics with other foundations and organizations, such as concern with respecting donor intent, governance oversight, responsible asset stewardship, effective management, and staffing efficiency.

Atlantic's grantmaking practice—both operating support and project support—is neither unique nor necessarily consistent over time and geography. Still, some common characteristics of how it approached its work include a:

- Sense of urgency coupled with a desire for meaningful results
- Reliance on multiple strategies
- Willingness to make big bets and tolerate risk

How Atlantic Grants Addressed General Operating Support³

This review examines three types of operating support grants that Atlantic made over the years: Grants classified as (1) primarily unrestricted, (2) an intermediate level of restriction listing a general core operating purpose that is not otherwise detailed, or (3) specified core operations activities negotiated in advance.

While Atlantic's practice providing operating support has evolved over time, when former CEO Gara LaMarche arrived in 2007 he described finding a commitment to a "holistic approach" already in place:

"First, we do most of the things that critics of foundations are always saying foundations should do: We make substantial grants, over a multi-year period, and generally for operating support, not program-limited. This gives grantees the tools to truly build their capacity, enough running room not to be constantly obsessed about fundraising, and support that is flexible enough for them to adjust to their needs as they perceive them and as they evolve."

Atlantic employed core operations support/unrestricted grantmaking extensively to advance its goals. In some cases, key anchor⁴ organizations received grants primarily for core operating support, while at other times flexible operations funding augmented grants for specific projects and functions.

³ Preparing to close, Atlantic archived its data to facilitate future research. Reviews across Atlantic's lifespan completed between 2014-2016 included reexamination of all grants and recoding the legacy descriptive categories into a modified version of the Foundation Center's typology. Data checks suggested acceptable agreement on categorization among raters, increasing confidence that the new codes reliably described the underlying grantmaking approach despite the time elapsed since many of the grants were made, (e.g., operating support, research, advocacy campaigns, etc.) and goal theme (e.g., education, aging, human rights and reconciliation.). Moreover, the narrow definition applied in Atlantic's grants database suggests that these conservative figures likely underestimate the total flexible funding available to grantees.

⁴ Anchor organizations were strategic or thought leaders in their field and/or geography that other organizations looked to for support and guidance. Often that meant that the organization was large, had been around for a period of time, and had a track record of achievement in the area or issue that Atlantic cared about.

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Of a total number of 6,645 grants dispersing \$6.9 billion coded for this analysis, 1,863 of the grants (28.0 percent) and \$1.3 billion (19.8 percent) were classified as primarily core operating support. An additional 1134 grants (17 percent) and \$899 million (12.9 percent) indicated core support as a secondary strategy. **Thus nearly half of all of Atlantic’s grants involved a considerable contribution to the core operating support for grantee organizations.**

This table illustrates three of the many configurations of operating support complementing other strategic grants to organizations.

Table 1. Using Operating Support Alongside Other Strategies

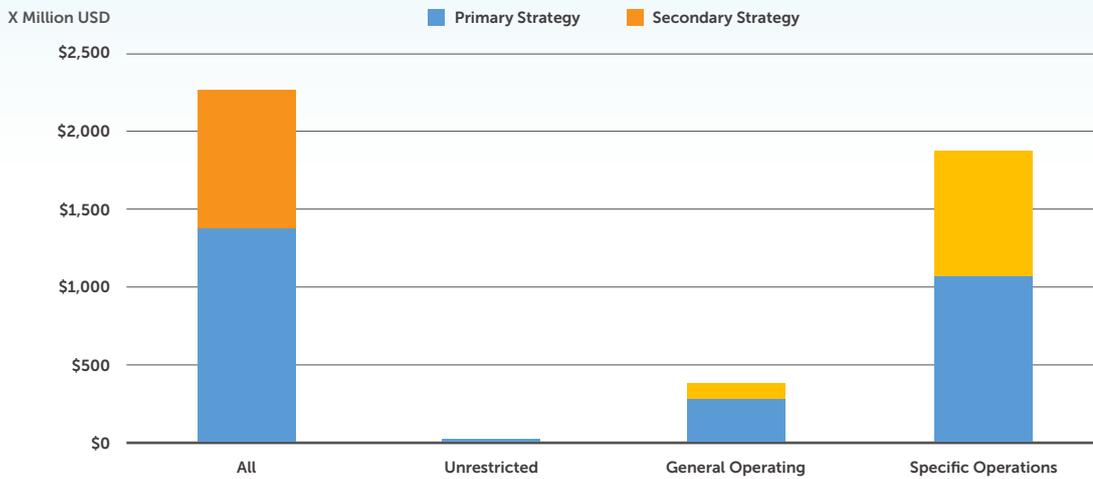
Operating Support Funding and...		
... capital building projects	... special operating development project	... programmatic spending
To provide grantee with flexibility to meet complementary and unpredictable needs of managing new capital asset as well as the expanded core functions that may be needed to use the building to its fullest	To provide for additional core support alongside specific organization strengthening activities such as fund raising, research, communications, and staff development	To augment overhead and offset the full costs of the primary activity, as well as to provide for additional leadership and staff development needed for expanding programming
<i>Example</i> \$420,000 in 2005 to assist the Kids First Rehabilitation & Vocational Training Village in central Viet Nam to attain self-sufficiency by providing resources to complete the construction of its facilities and support its first year of operation.	<i>Example</i> \$1.3 million in 2009 to grantee MEDICC to develop a communication platform to facilitate transformation of medical education and medical practice, improve accountability, and promote health equity in Cuba.	<i>Example</i> \$315,000 in 2010 to support Youthnet, a cornerstone Bermuda youth organization in its ongoing program delivery and to develop a sustainability plan and introduce organizational peer mentoring to early-stage grassroots organizations and leaders.

As noted in the table, one of Atlantic’s key areas of focus was support for large building projects, often in universities or at hospitals. At the same time, Atlantic CEO Christopher G. Oechsli noted that these investments “have always been about the people who dreamed them and who inhabit them: the leaders, innovators, scientists, educators, medical doctors, nurses, students, patients, social workers, community and rights activists, athletes, thespians, musicians, and audiences.” The foundation’s \$2.5 billion in capital building grants often included funding that complemented the bricks and mortar investment. This support paid for new staff, skilled facilities management, and provided a financial cushion around a new asset to maximize the benefits for both the grantee and the mission (MASS Design, 2017). Atlantic considered all of these core operating investments a crucial aspect of its strategy to make a lasting impact with buildings as the anchors for creativity and innovation.

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Figure 1. Total Dollars Allocated to Core Funding that were Coded for “Unrestricted”, “General Operating” or “Specific Operating” Grants



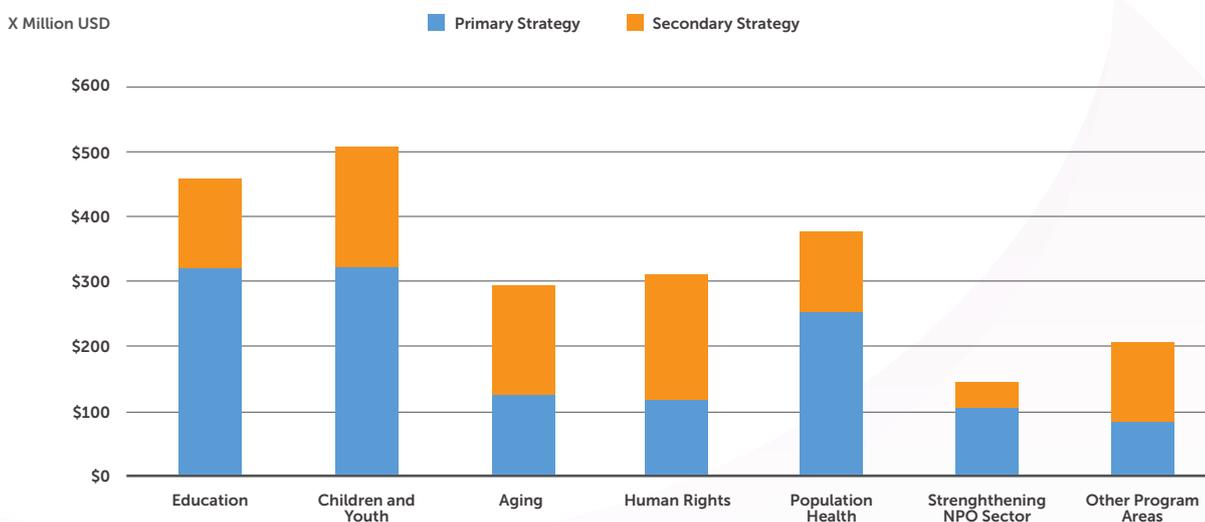
Of all grant dollars supporting core operations, the majority came from grants that identified specific operations (e.g., debt service, marketing, management training). Very few came from grants formally designated as “unrestricted.”

Overall, the average project grant amount was \$1.2 million, while grants that were primarily coded to operating support were significantly smaller, averaging \$760,000.

The use of operating support grants spanned grantmaking in each of Atlantic’s thematic funding areas. As Figure 2 shows, Atlantic made its largest operating support investments in its Children and Youth and Higher Education program areas. The intensive application of this type of support reflected Atlantic’s emphasis on field building in these areas.

At times, Atlantic used operating support to build anchor organizations focused on promoting systemic change. For instance, a 10-year Prevention and Early Intervention program in the Republic of Ireland and Northern Ireland relied extensively on building capacity in child-serving organizations that would be critical for sustaining long term systemic change. That program supported organizations that rigorously tested evidence-based interventions designed to make effective use of limited public resources while providing benefits for children and families.

Figure 2. Total Core Operations Support Dollars across Atlantic’s Central Programmatic Areas



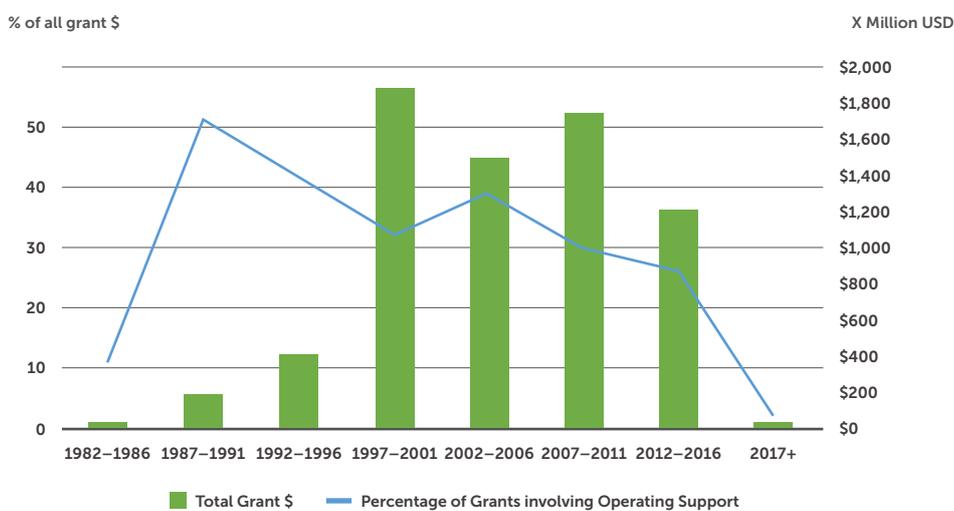
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Similarly, Atlantic was almost twice as likely to provide operating support in an initiative focused on strengthening the nonprofit sector as in other programs. The foundation provided operating support to seed or expand several organizations that could build capacity, deepen knowledge, and promote accountability for the sector. In this case, 37 percent of dollars granted were coded as primarily operating support, and an additional 21 percent were coded secondarily as operating support.

Over time, Atlantic's grantmaking for operating support funding evolved. Figure 3 illustrates the total grantmaking in green bars, revealing an increase after Atlantic announced its limited-life plans and ended anonymity. The lines show the percentage of grantmaking dollars going out as operating support.

Figure 3. Percentage of Operating Support Grant Spending in Light of Total Grantmaking over Atlantic's Life span.



The lines show how reliance on operating support as a strategy for these grants rose in the early years, and then tapered off as the foundation's strategy for its final years became more consistent. When Atlantic was starting initiatives, it would often emphasize providing core operating support to anchor institutions early on to help build the strength of those organizations. As Atlantic prepared for its exit, it made fewer such grants to avoid dependency.

One noteworthy exception, not illustrated in these analyses, was the significant investment in long term operating support for the Atlantic Fellows programs, which began in 2015. This constellation of culminating grants totaling over \$700 million seeded and maintained seven interconnected fellowship programs to empower communities of emerging leaders to advance fairer, healthier, more inclusive societies. It also launched the Atlantic Institute to convene and amplify the impact of the global network of fellows. With its final big bets, Atlantic sought to extend its impact long past the sunset of the foundation, taking on virtually all operating costs for 8-20 years for these leadership programs. These figures are not included in this data analysis.

Atlantic, like all funders interested in operating grantmaking, faced a number of practical choices as it sought to determine whether and how to use operating support grants as a strategy to advance its mission. More art than science, these decisions began before the first grant was made and extended through the funder's final exit.

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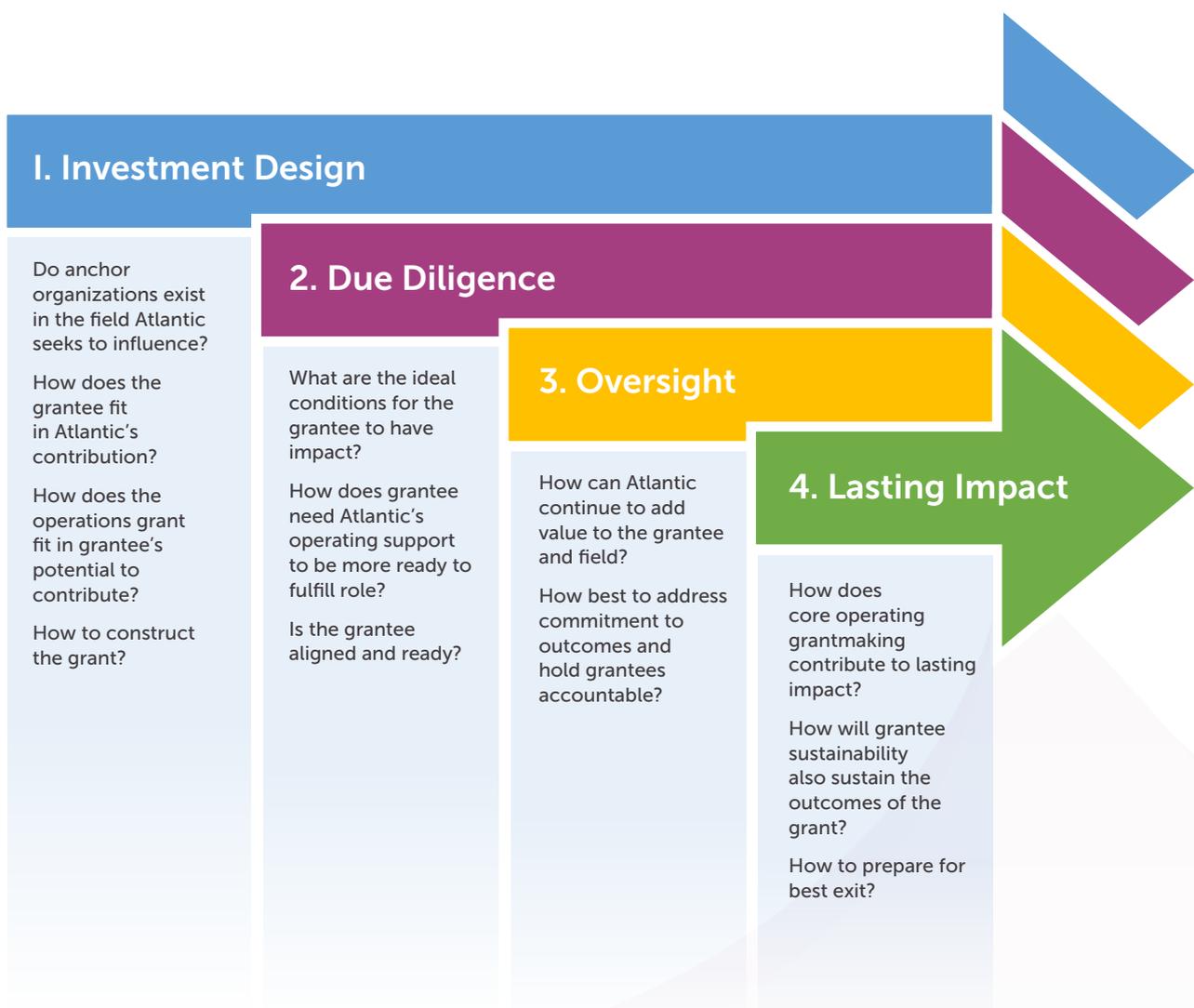
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Four Questions for the Review

Examining grant records and other documentation, external evaluations, and input from many of those directly involved, this review traces how key operating support grantmaking choices played out over the diverse geographies and issue areas where the foundation worked. Among the findings are four overarching questions (illustrated in Figure 4) that Atlantic staff typically needed to answer before deciding whether and how to make operating support grants:

- The first was whether specific operating support fit with Atlantic’s larger program-wide **investment approach**.
- After potential grantees were identified, next came a **due diligence** assessment to determine whether the grantee was ready to benefit from the grant and was likely to meet expectations.
- Once the grant was made, Atlantic had to define and carry out its role providing **oversight** and supporting the grantee.
- Finally, Atlantic had to determine how to **conclude operating support** in light of potentially perpetual needs while addressing its desire to make lasting impact.

Figure 4. Review Questions



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Choices Across an Initiative: Ending the Death Penalty (US)

One of Atlantic's goals in the United States was to abolish capital punishment. The foundation believed that the death penalty is a fundamental violation of basic human rights, and a system fraught with error and racial and socio-economic discrimination. By supporting the work of advocates during Atlantic's remaining years, the foundation believed there was a real possibility of reducing or eliminating the use of the death penalty and making the criminal justice system fairer. The decision to take on capital punishment followed an earlier effort to help end the death penalty for juveniles.

After assessing the state of the field, Atlantic underwent an extensive strategic assessment and planning process to decide what aspect of criminal justice reform to focus on in its remaining years, as well as to assess the capacity of the field to support the approach.

As a result of that assessment, Atlantic decided to invest in abolition efforts at a level much greater than the contribution of any individual funder then supporting anti-death penalty groups. At the time, the five anti-death penalty funders were investing \$5 million a year. Over 11 years, the foundation invested \$60 million, or roughly 60 percent of all funding for death penalty abolition during this period. Much of that funding went to core operations for a number of small, previously underfunded advocacy groups, selected for both their current capacity and potential to grow more able and more stable with more resources.

Atlantic's assessment of death penalty work underway at the time revealed the need for infrastructure support to increase the chances of long-term success. Many of the state-based organizations that were having success were run by volunteers. To help these organizations staff up, Atlantic provided core support for paid positions, many of which were offered to some of the most experienced volunteers. Atlantic provided core support to statewide organizations where it saw a real chance for political change. The foundation made clear to grantees from the beginning that if those conditions changed it would end funding. For instance, Atlantic ended funding in Kansas when it became clear that changes in the political environment made it unlikely grantees could secure positive change.

Atlantic also funded some volunteers to bring their expertise to bear at national organizations. The foundation's unrestricted funding to these groups enabled them to make decisions on how best to use the money, which they were well equipped to do because they knew what the conditions for change were like in their states.

Additionally Atlantic helped support the costs of a national coordinator who could provide consistent overall direction, strategy, and convenings to the growing numbers of state organizations working on death penalty abolition. The foundation funded organizations challenging death penalty sentences in court as well. Atlantic's core support helped attract other funders who were unable to provide that type of funding, but that could give grants for specific projects.

Because so many organizations had been either volunteer run or were bringing court challenges on behalf of inmates on death row, most were more focused on advocacy rather than building financially viable organizations. That required Atlantic staff to expend more time on due diligence than they typically did to better understand individual organization's financial underpinnings. When deciding which organizations to fund, Atlantic looked for ones with leaders who had good plans and were adventurous enough to take risks, but who also were sufficiently pragmatic and conventional to be good stewards of their finances. Often the decision to provide core support rested on getting to know and trusting an organization's leader. However, even for organizations with seasoned leaders, these were some of Atlantic's riskiest bets simply because the hoped for outcomes were anything but certain.

Once it decided which grantees would receive core operating support, Atlantic conducted more oversight than typical for such grants. For example, in some cases, the foundation made core support contingent on an organization hiring an accountant to oversee its finances. Atlantic staff regularly checked in with its grantees, the coordinator overseeing the work, and other funders to learn about any issues that were coming up. Different sources of information provided staff an up-to-the-minute understanding of issues that they needed to address.

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Advocacy for Impact, an Atlantic publication that discussed the foundation's death penalty work highlighted the fact that "Atlantic placed a priority on ensuring that grantees had reliable institutional support to carry out their work. This kind of funding pays for staffing, materials, and other campaign-related costs that can be very hard to come by. It also paid for field-wide meetings that allowed organizations that would otherwise not have collaborated to share ideas and learn from each other. As one observer noted in the evaluation of the death penalty initiative, 'the value of Atlantic's commitment to pay for infrastructure cannot be overstated.' "

As Atlantic planned to end its death penalty funding, staff worked with anchor organizations to find ways to secure additional support. Some, like the Southern Center for Human Rights, did well in securing matching donations to continue their work. Others—both state and national organizations—broadened their work beyond the death penalty, which also led to additional funding. While that decision meant that those organizations could not stay laser-focused on ending the death penalty, it also meant that strong organizations remained able to continue to advocate on the important abolition issue.

Because of the important role played by the national coordinator, the foundation provided an additional grant for that work to continue in the form of a new organization called the 8th Amendment Project. That organization brought on additional staff, including a full-time fundraiser, to help secure its long-term future. The organization is now self-sufficient thanks to funding from several funders. Some organizations, meanwhile, continued to struggle with their finances even after the foundation's attempts to help them put systems in place to address those issues.

Advocacy for Impact also noted that over the course of Atlantic's funding, advocates made considerable progress. Since 2005, the death penalty has been ended in 11 states through legislative bans, court rulings, or gubernatorial moratoria. Additionally, in 2016 only 30 death sentences were handed down nationally, the fewest since the reinstatement of the death penalty in 1976. A 2016 *Washington Post /ABC News* poll on the death penalty found for the first time that a majority of Americans favored life imprisonment without parole instead of the death penalty when offered those two choices (52 percent vs. 42 percent).

In the next sections, lessons concerning these practical choice points emerge from grant documentation and past evaluations, as well as from staff and grantee input.

1. How did Atlantic integrate core grantmaking within their broader investments? (Investment Design)

Atlantic's approach to its investments drew on founder Chuck Feeney's experience as an entrepreneur. Feeney liked to invest in undervalued opportunities and big bets that could yield big dividends. He placed his trust in leaders he saw as visionary, some of whom were still flying under the radar. Throughout Atlantic's history, even as the foundation shifted from making grants based on intuition to a more strategic focus in later years, Feeney's belief in seeking out opportunities and leaders that others had missed remained central to its work.

"The best approach is to look for the people that have ideas and can get them activated," Feeney said. "Good ideas are important, but so is the ability to execute."

Providing core support fit nicely with Atlantic's overall grantmaking approach. With the foundation's focus on finding leaders and organizations aligned with Atlantic's values and goals, it made considerable sense to also support them to carry out the work they believed was most important to achieve those goals, rather than imposing a narrowly-focused program on them.

Still, this kind of support needed to be linked to the Atlantic's theories of change. As a result, Atlantic staff would have to decide whether their priority was to build a field or set of sustainable organizations with the capacity to support change, or whether the goal was to deliver specific projects or policy objectives. If the former, then providing core support made sense. Additionally, Atlantic leaders provided core operating support when they believed that such support would allow organizations to achieve important, larger goals. This included achieving broad goals, such as

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strengthening the ability of nongovernmental organizations to respond rapidly and effectively to emerging threats to justice or equity from governments, or more focused outcomes, such as ending the death penalty in the US or promoting marriage equality in Ireland.

To make those kinds of determinations, staff would typically ask:

- **Does the field have adequate anchor organizations to implement change, nurture the necessary partners and collaborative partnerships, and help the key actors adjust to changing conditions?** If the field had such anchor organizations, then Atlantic would take a closer look at those organizations to see if they might be a good fit for the foundation's work.
- **Is the organization carrying out work that's aligned with the foundation's strategy and objectives?** Before making core support grants, Atlantic had to have confidence in the organization's core values, missions, and objectives knowing that the grantee would likely adapt and improvise in ways that may be hard to anticipate.
- **Is operating support a means to a larger end, rather than simply to enable a worthy organization to continue operating?** The larger end was often to achieve a goal that would enhance the lives of vulnerable people. Atlantic wanted to provide security to grantees they saw as critical to their goals so that change leaders and their organizations could concentrate on achieving results. If an organization knew that it had secured general operating support for multiple years, the breathing room freed the grantee to focus on their strategy and priorities rather than worry about day to day sustainability. Core support also enabled organizations to attract and pay high caliber people in fields that Atlantic wished to influence.

Here are examples of how Atlantic's approach to determining whether operating support could contribute to the foundation's ultimate goals.

Grantee Protecting Post-9/11 Civil Rights (US)

In 2004, Atlantic made one of its objectives ensuring that at least five US organizations would be sufficiently strengthened by 2008 to protect the rights of citizens, immigrants, and refugees. Toward that end, Atlantic's New York staff decided to take a closer look at the battle-tested Center for Constitutional Rights (CCR). Since its founding in 1966, CCR has worked to advance the rights guaranteed by the U.S. Constitution and the Universal Declaration of Human Rights through strategic litigation, advocacy, and related capacity building.

The events of 9/11 and the subsequent attacks on civil rights that followed created an urgent need for strong legal advocacy. The scale and force of the xenophobic and Islamophobic backlash, like the severity and surprise of the terrorist attack itself, crystallized a month later with the October 2001 passage of the Patriot Act, a law that weakened privacy protections and engendered Muslim profiling. The combination of lost legal protections and societal fear that led to the legislation created what seemed like a serious threat to the rights of all Americans, but with particularly devastating effects on Muslim communities and communities of color.

According to Atlantic's former Human Rights and Reconciliation Program Executive, Anmarie Benedict, the foundation recognized that though there was little opportunity to have massive impact during this fraught period, core operations support was essential to help New York's CCR build its capacity so it could act when progress could be made.

"We were going to get creamed," Benedict said "There was not enough money [anywhere] to fight back against the Patriot Act. We knew there would be 5 to 10 years of rollbacks and fighting. We found an organization that had been fighting a long time and we wanted to stabilize them without asking for specific outcomes that would be impossible to deliver... We bet that an investment in an organization with excellent strategy but underdeveloped capacity could make a difference, eventually."

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Between 2006 and 2016, Atlantic provided more than \$5 million to CCR. From Atlantic's perspective, expanding the capacity of CCR would help ready the group for a future time when the opportunity would be there to advance rights and perhaps position strategic litigants to challenge the worst of the immediate violations. Investments in communications and fundraising enabled CCR to shore up long-term finances and expand staffing. Meanwhile, Atlantic consulted with other like-minded funders to try to develop a longer-term strategy that would ensure a strong response on behalf of vulnerable groups.

As part of their cluster evaluation of Atlantic's civil rights protection efforts, Patton and Gornick (2007) suggested that Atlantic's operating support came at a critical, vulnerable time. An interim impact assessment contained this observation: "Atlantic has become a really important player very quickly, supporting all the right groups."

Over time, events continued to heighten the need for CCR and others to respond forcefully to the continuing crisis, as well as standing up for causes that Atlantic championed (e.g., protection from racial profiling and abusive immigration practices), as well as some that Atlantic did not anticipate (e.g., challenging corporate abuses).

An example of how CCR used its improved strength came in 2013, when a federal judge issued a historic ruling that found that the New York City Police Department's stop-and-frisk practices—temporarily detaining people on the street, questioning them, and possibly frisking or searching them—were unconstitutional and racially discriminatory. CCR and other Atlantic grantees, the New York Civil Liberties Union, Bronx Defenders, and NAACP Legal Defense and Educational Fund, filed class action lawsuits that led to this legal victory.

"CCR was always a strong, smart organization, but they needed stable funding," Benedict said. "They realized that litigation could get them far, but that advocacy and communications were also important. [With Atlantic's core operating support] they could resource a digital strategy, deepen their communications expertise, and be intentional about intersectionality¹ in their work. They were able to invest staff and processes in fitting together all their areas of work and fortifying their unique legal advocacy position. Philanthropy at its best should be a power cord. That's how I think about the investment in CCR."

1 Intersectionality is the theory that the overlap of various social identities, such as race, gender, sexuality, and class, contributes to the specific type of systemic oppression and discrimination experienced by an individual.

Initiative Advancing Rights for LGBTQ People (Republic of Ireland)

For Atlantic's Reconciliation and Human Rights program, advancing lesbian, gay, bisexual, transgender, and queer (LGBTQ) rights represented an important leading edge to promote human rights in the Republic of Ireland. By 2004, there were a number of small, founder-led organizations all seeking to contribute to the rights-based movement. Yet, even as Atlantic began to prioritize the achievement of full rights for LGBTQ people, there was little consensus about how to move the issue forward among Irish human rights activists.

There was even less in the way of established capacity to launch campaigns in order to implement change and advance a rights-based agenda. Atlantic was committed to do something but unsure about what to do and who to back as events in the legal sphere began to posit a possible window of opportunity.

That opportunity came when two women living in Ireland—American-born Katherine Zappone and Irish-born Ann Louise Gilligan—sought to have their Canadian marriage recognized in Ireland. The case, which was widely publicized, eventually came in front of the Irish Supreme Court. The Court rejected it on the grounds that the Irish constitution did not allow same-sex couples to marry. But the case provided momentum for a largely volunteer-led movement to expand the rights of gay and lesbian citizens in Ireland to areas such as marriage equality and gender identity.

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Seeing that momentum was building on the issue of marriage equality, Atlantic decided to invest in four different LGBTQ organizations, some of which had opposing viewpoints about the most effective path forward to achieve marriage equality.

"This is a classic case where there were a number of grantees working on an issue, but there were conflicting views about the most effective approach," recalled former Atlantic country director Mary Sutton. "We didn't favor one over the other and it wasn't obvious beforehand that one strategy would win over the other."

Atlantic hoped that if each organization developed its best strategy, a more coherent and concerted effort using the best aspects of all strategies could emerge. Furthermore, developing these organizations and their competencies fit into Atlantic's overall approach to advancing rights in Ireland.

By the time Atlantic discontinued its funding in 2011, the foundation had invested \$9.3 million in this work, primarily in the four organizations identified in 2004. Each received multiyear operating support to enlarge the staff, develop the reconnaissance capacity, and blaze a trail forward. While Atlantic required their grantees to develop strategic plans and clear theories of change, the foundation also gave grantees considerable leeway in terms of discretion and time to plan and adapt.

"The core support gave us the capacity we needed to develop our strategy," said Brian Sheehan, former executive director of one of the organizations, GLEN. Atlantic saw that they could support competing ideas as long as organizations did not undermine each other and could use their involvement to facilitate dialogue when a multifaceted approach made the most sense, rather than picking winners (Brown, 2018).

A watershed moment for LGBTQ rights came in May 2015 when Ireland became the first country to endorse same-sex marriage through public referendum. Atlantic did not provide any funding for that campaign. The four former Atlantic grantee organizations, once small and isolated, fully realized the potential impact of using complementary strategies to engage the public. The Irish campaign culminated in an overwhelming vote of 62 percent voting to approve changing the Constitution to extend civil marriage rights to same-sex couples.

Over time, Atlantic concluded that it could have some of its biggest impacts by concentrating large amounts of flexible operating support funding on controversial or neglected issues, particularly when it came in as an initial core funder of organizations. In contrast, in situations where the organization's survival was not an issue, time was limited, and there were highly discrete output goals (e.g., specific quantity of services at a realistically calculable unit cost), Atlantic found that it might have been better to employ programmatic grant making and contracts using overhead that reflected full costs.

Atlantic's experience betting big on systemic social change affirmed that one strategy is often not enough, meaning a useful approach may be to fund organizations that may have multiple and complementary competencies.

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2. When is an organization ready to benefit from core operating support? (Due Diligence)

Once Atlantic staff determined that operating support grantmaking would further the foundation's broader strategy and that a grantee fit into the strategy, due diligence would follow to explore the fitness of potential grantees to use such support to achieve those larger goals.

As Atlantic thought about the conditions under which to provide operating support, staff considered a number of questions. Two of the most crucial were:

- Is the organization committed, capable, and experienced in doing work that is line with Atlantic's overarching goals and the role envisioned in the overall strategy?
- Does Atlantic have confidence in that organization to make significant progress in helping to achieve those goals given the support under consideration?

Due diligence for operating support grants was similar to project grants, though with more attention to sustainability and dependence risk. When considering core operating grants, Atlantic staff focused more on the organization's overall capacity and budget—aspects intrinsic to the success of the foundation's strategy for long-term change. Thus, Atlantic often required comparisons between proposed budgets and prior years, as well as evidence corroborating grantee's confidence that they could secure additional income or other support.

To answer these questions, Atlantic made use of small teams to gain multiple perspectives. Former program staff and leaders recalled that these teams started as small executive meetings under Harvey Dale, Atlantic's founding president. The purpose was to vet core operating grants before they were advanced to Atlantic's board. The executive meetings later evolved into a small Program Investment Committee and eventually into comprehensive Grants Review team discussions that engaged staff from across program and administrative departments, such as finance, communications, and evaluation.

Atlantic also consulted experts in the field, sometimes including executive directors of other organizations, to help understand the potential grantee's capacity to help the foundation identify opportunities, build the field, and contribute to systemic changes.

Key characteristics of Atlantic's approach to due diligence included:

- **After basing initial judgments on impressions of an organization, a more thorough vetting process followed.** In other words, just determining that an organization shared the same values as the foundation was only the first step in assessing whether it merited core operating support.
- Atlantic often found it helpful to treat due diligence as a conversation. **To assess grantee organizational fitness, Atlantic staff worked hard to engender trust with the leaders and staff of the organization.** It elicited candor by showing real interest, asking a lot of questions, and being direct about the information it needed—more than would come from asking an organization to complete questionnaires. Atlantic staff also found it helpful to visit grantees, listen attentively, and show their commitment to understanding the grantee's perspectives, worries, and priorities.
- **Atlantic CEO Chris Oechsli has described Atlantic grants as primarily "investments in leaders" and that was never truer than when considering a core operating support grant.** Compelling leadership and vision could not be taught, so they were generally prerequisites to providing operating support. **However, underdeveloped management skills might not be deal killer.** Rather, if the management had a strong vision but lacked some skills to successfully carry out that vision, the due diligence needed to explore a leader's commitment to establishing those capacities.
- **Due diligence assessed the fitness of the organization as a whole, ranging from its ability to recruit and retain adequate expertise among staff, to providing training and supervision for the core activities, to the finance department's ability to enforce appropriate controls and provide analytic reports, to its organizational stamina to help make the changes that Atlantic envisioned in the time available.** Yet, like leadership readiness, if the organization fit the strategy but lacked readiness in a critical governance or administrative area, the question was "were they committed and able to improve?"

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- **While lack of financial reserves and weak organizational resilience might often be sufficient reasons for ruling out a project grant, those same vulnerabilities might have also been reasons for providing operating support to help build that capacity.** If Atlantic staff believed that an anchor organization, although underdeveloped, was committed to achieving objectives important to the foundation, the foundation would consider operating support to foster better strategic planning, capacity, and flexibility for the field and grantees. Conversely, if an organization was fiscally strong, Atlantic would ask whether it needed operating support as much as others who would not be good prospects in the eyes of other funders. Additionally, weakly financed divisions of larger deep-pocketed institutions were somewhat less attractive given their potential to seek additional internal support.
- **At times, Atlantic would mitigate the risks of making big bets on leaders and organizations by starting with smaller grants and progressively building up to larger flexible ones.** If concerned about the results of its initial investments, Atlantic staff might add conditions or move from smaller operating support grants to a more structured, project-focused approach.

When an Organization Doing Good Work Runs into Trouble

Once due diligence on a grantee was completed and money was awarded, staff monitored grant goals but typically did not reinspect the organization's underlying core operations. One time, however, Atlantic had to get far more involved in helping a long-time human rights grantee when it found itself in sudden financial difficulty. Still, as this case illustrates, the foundation and grantee were able to find a way to get things back on track.

Because the organization's goals and values aligned with the foundation as well as the potential of the grantee to contribute to Atlantic's overall strategy, this organization received an early infusion of core operating support. That support enabled rapid growth, capacity development, and an increased ability to make meaningful progress on human rights issues. In 2013, Atlantic made a final core operating grant, which included funding to purchase a building so that the organization would no longer need to pay rent. The final grant also required the organization to raise matching funds from other organizations. At the time, the after-effects of the 2008 global recession were still lingering and the allocation appeared adequate to secure a good building.

Over the years, however, the organization deferred the purchase of the building, as well as the ambitious fundraising plans set out in the original proposal. In 2016, the group's then-leadership asked Atlantic about possibly re-purposing the capital component for operating expenses, in part because building prices had increased too much to purchase one. Slightly alarmed by the request, which indicated that the organization might be experiencing financial difficulties, foundation leaders turned down the request. But in recognition of the fact that the property market had rebounded since the grant had been made, Atlantic augmented the capital component of this and other grants to help to secure the future of human rights organizations as Atlantic wound down.

Not long after a leadership transition at the grantee organization, it became clear that there was an immediate and critical cashflow issue and a fundamental mismatch between operating costs and income. Upon investigation, it was discovered that a significant portion of the organization's funds were restricted rather than matching core operating funds, which Atlantic was previously unaware of. Without ongoing core operating funds, it would be difficult for the organization to continue to pay for the infrastructure necessary for its sustainability including staff salaries.

While gravely concerned, Atlantic staff who oversaw the organization's funding believed strongly in the abilities and the disposition of the new leadership. But they faced a major challenge in charting a way forward and persuading Atlantic's board that it was prudent to re-purpose both the original capital grant and the more recent supplement to cover operating expenses while the new leadership worked to reshape the organization and put it on a sounder financial footing.

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There was understandable skepticism within Atlantic about the prospects of turning this around. Atlantic staff devoted an inordinate amount of time to this grant over just a few weeks—working out a strategic direction, engaging financial consultants, and working with the leadership to develop timebound and measurable milestones. For example, Atlantic engaged an accounting firm that quickly conducted a feasibility analysis about whether a restructuring of the organization could be successful. That report came back indicating a turnaround was possible, which helped give Atlantic assurance that re-purposing funds for the organization was a good bet.

Atlantic predicated additional core support and flexible funding on the achievement of milestones and on the commitment of the new leadership to remain for at least a year to deliver the plan. One of the factors Atlantic had to weigh in deciding whether to re-purpose funding were the risks that if it did not approve a re-allocation of funding, an important human rights organization was faced with a disorderly and public collapse, which would have made a rebound even more difficult.

Eventually, Atlantic agreed to the re-purposing in stages, contingent on the achievement of benchmarks related to governance, fund-raising, cost containment, and the continued delivery of program outcomes.

The grantee was able to use the assistance and flexibility that Atlantic provided to put the organization on much sounder financial footing, though with a reduced staff. The grantee also attracted additional core operating support that helped replace some of Atlantic's funding when its last grant ended in 2017.

In the end, Atlantic staff said that their best argument to the board to release the final funding was around the strong leadership of the executive director. Without that, it is unlikely that the board would have approved the funding.

Viewed through hindsight, a number of factors contributed to the grantee's difficulties. It was heavily reliant on a single donor, the final grant proposal was overly ambitious, matching grants Atlantic required and that the organization raised turned out to be restricted funding rather than core operating support, and fundraising did not receive the necessary priority attention. Ultimately, this effort succeeded because of determined and capable grantee leadership combined with an investment of time and money by the foundation, and a clear-sighted, focused commitment by both to redress the situation. As a result, the grantee continues to provide strong leadership and contribute to making important advances in human rights.

Rigorous and consistent due diligence can be essential to mitigate both grantmaker and grantee vulnerabilities. Atlantic found that its desire to advance goals, as well as a deep respect for organization leaders could result in the foundation overestimating the grantees' ability to raise money. Consequently, some staff sought a balance between showing confidence in grantee capacity, while also maintaining a skeptical posture about whether an organization truly had the capability of achieving shared goals.

Such critical approaches could make it easier to ask hard questions, focus conversations on the most salient if delicate issues, and at times make the decision either not to fund an organization or end support. Atlantic also found at times that their critical questioning could be helpful for organizations. For example, tough questioning might reveal that organizations had underestimated what it would really cost to carry out the work they envisioned and the foundation would increase a proposed budget.

When Atlantic began making core operating support grants, staff often put a great deal of weight on a grantee leader's perspective and information. Atlantic staff and observers, however, said that by relying so much on leadership at grantee organizations, they may have missed the voices of people in organizations and communities they serve who had valuable information to share. For instance, in retrospect, it would have been helpful to hear not only from the executive directors of organizations, but also from staff with more detailed responsibilities and expertise, clients with experience of the grantee's approach, and external partners or people using the grantee's services who were positioned to assess the grantee's past performance.

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Atlantic's best due diligence were really conversations about an ongoing journey, including the energy and forces needed to make progress under changing conditions. No matter how thorough the due diligence and careful the plan, unpredictable events often required grantees to make midcourse adjustments. Still, once Atlantic made a commitment to its grantees, it typically stuck with them and their plans when they faced headwinds and unforeseen obstacles.

3. How to provide ongoing support and oversight? (Oversight)

Atlantic's faith in organizations that received flexible core operating support helped grantees establish capacity in their organization, feel confident that a major funder was backing them, and establish clarity of purpose by not having to chase down operating money. Still, Atlantic's staff were not expected to stand by idly during the course of multiyear grants. Rather, they were encouraged to find ways to complement flexible investments by adding value with the funder perspective and without undermining autonomy or disempowering grantee leadership.

After Atlantic made core operating support grants to an organization, many staff stayed in frequent touch with them, offering both their expertise and connecting them with others in the field who could be potential partners, help with navigating challenges, and provide fresh ways of thinking about addressing systemic issues. Atlantic also engaged grantees in its strategy work, often sharing explicitly how the grantee fit into the strategy and the foundation's expectations for the organization. Additionally, staff often encouraged grantees to work with others on overlapping activities or capacities to deliver the goals of Atlantic's programs.

Describing his work at Atlantic, one long-time program officer pointed out that staff should not just "manage grants," but rather could add value by using their own fact-finding, skills, voice, and connections to get behind grantees. Brian Kearney-Grieve, a program officer for Atlantic's Human Rights and Reconciliation program in the Republic of Ireland, was actively involved in helping the grantees he provided core operating support to throughout the course of their funding with Atlantic. An evaluator who looked at Atlantic's work in this area described Kearney-Grieve's approach as follows:

"Brian Kearney-Grieve sees the building and maintaining of networks as central to his effectiveness. For each of his topic areas (disabilities, migration, human rights, LGBT issues), he has actively built local networks with 'at least as many non-grantees as grantees', he says. At times, Brian specifically asks people to play the role of the 'contrarian' who will challenge his networks to think differently. In addition, he acts as an information curator, spending at least 10 percent of every day disseminating information to his networks, connecting local organizations to pan-European information...Because his grantees receive multi-year core funding, they regularly interact with non-grantees in his intelligence networks. There's open dialogue without fear of losing funding, which allows grantees and the foundation to act more strategically." (Reott, 2014)

Relevant practices typically used at Atlantic included:

- **Making multi-year grants so organizations could focus on achieving their mission without having to chase down operating money.**
- **Interacting with grantees regularly after making multi-year commitments, providing suggestions based on their expertise or connections to others, but striving to do that with modesty and avoid getting in the way.** Atlantic found that a strong yet unobtrusive working alliance was a vital asset across the life of the grant.
- **Convening grantees and others so they could learn from one another and experts in the field.** These convenings gave grantees who might work in isolation from their colleagues an opportunity to share what they were doing as well as consider new ways of approaching their work.
- **Hiring local people who knew the existing players, programs, and prevailing culture, as well as what made for strong organizations provided additional expertise that Atlantic staff did not have.**
- **Adding value to grantees' ongoing work by helping to establish and fund strategic learning and evaluation processes that organizations could use for organizational development and quality improvement, including learning how to commission and oversee evaluations.** Atlantic's evaluation unit also commissioned evaluations and case studies that could help grantees learn about their work in an ongoing way and also potentially provide evidence of the organizations' effectiveness that they could use in funding requests to other foundations.

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Lessons about Taking a More Active Funder Role: Evolution of the Treatment Action Campaign (South Africa)

Treatment Action Campaign (TAC), a grassroots health advocacy and education organization, was one of Atlantic's longest standing partners in South Africa. Between its first grant in 2002 and its last in 2013, Atlantic invested more than \$6.7 million, much of it as core operating support. Sharing a commitment to promoting better health, equity, and accountability, TAC and Atlantic grew together over the years. Continuity of staffing at both TAC and Atlantic added to the development of a positive and resilient alliance.

At the time of Atlantic's initial funding, the South African government was refusing to provide life-saving anti-retrovirals to people with HIV/AIDs who could not afford the medications. TAC successfully brought a court case demanding that the government begin providing free anti-retrovirals to those who could not pay. TAC's work was instrumental in winning a court ruling that led to millions of South African receiving these medications.

But when it came time to shift from the work of advocating for change to make sure that change was properly implemented, TAC struggled. That work required skills and approaches different than the ones that TAC had successfully used for years. TAC and the larger field of nongovernmental organizations advocating for change needed to shift their focus from the courts to educating South Africans about the availability of drugs, and helping them advocate that those drugs were actually delivered.

TAC initiated a successful 'treatment literacy' campaign so that individuals would be able to understand the nature of treatment and make well-informed demands of health services. However, many funders put pressure on TAC to get right into service delivery by focusing its organizing on 'model districts,' which TAC agreed to do. For several years, TAC shifted its work to service delivery, as part of a public health approach in which interventions are tested in specific places, and if they work, will get rolled out nationally.

Atlantic staff in South Africa typically took a supportive, hands off approach to grantees, giving them the freedom to pursue their work in ways they deemed best and only offering help when asked. Many organizations, including TAC, appreciated the encouraging, non-interfering role that Atlantic had played.

However, when the environment shifted to policy implementation, Atlantic's decision to stick to a role as a supportive bystander was not as helpful, according to evaluator Barbara Klugman. For TAC, pushing for policy implementation and using funds for service-provision was uncharted territory. While the organization was successful in these districts, it lost its funding and capacity for sustaining its community organizing activities and its membership beyond model districts. It also found itself having to account to funders for service-delivery—e.g., number of condoms distributed and the like—which was entirely outside of its purpose and skills, and deeply disempowering to its staff and volunteers.

Atlantic staff were reluctant to take on a more active role in helping TAC and others navigate these pressures. From Klugman's perspective, Atlantic should have asserted its concern that as a leader TAC did not have to bow to pressure to become a service provider, turning itself into something it was not set up to do; or, if that was to be its new role, it needed help building the staff and systems to cope with new funders requiring new kinds of reporting. For Klugman, Atlantic missed its opportunity to play a useful role during a time when an organization and field were struggling to respond to new conditions.

Klugman, who previously oversaw a large grantmaking program at the Ford Foundation, said that foundations providing core operating support need to find a balance between being good, supportive listeners and taking the initiative to offer its strategic insights and alternative perspectives, or even provide direction if they see that an organization is struggling to adjust to changing circumstances.

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Atlantic learned that modulating its balance between providing flexibility and requiring structure was not easy. When staff were able to find that balance in a way that grantees found helpful, core operating support seemed to work particularly well.

As Kearney-Grievies noted, Atlantic often provided not just operating funds, but an expanded network of individuals and organizations that could help advance shared objectives. With the end of anonymity, the foundation began to better realize and apply its power as convener, peer connector, and thought leader. Indeed, brokering relationships among government and grantees became particularly important in areas where Atlantic was simultaneously co-funding with government and supporting advocacy organizations involved in holding government accountable.

4. How can Atlantic optimize the contribution of core operations funding to sustainable progress over time? (Lasting Impact)

Among the reasons repeatedly cited to avoid paying for operations is the concern that it promotes dependency. Planning for exit is especially important when providing core support because it can be the hardest revenue to replace. As a limited-life foundation, Atlantic strove to see its grantmaking through a prism of results, grantee independence, and impact sustainability. Knowing that its engagement was finite, Atlantic's first concern was fostering sustainable outcomes in a field that the foundation was hoping to influence. Sustainability of an organization was a secondary concern.

Relevant practices championed at Atlantic included:

- Anticipating the challenges and needs that organizations would face meeting their core needs. This goal was articulated by people at all levels of the organization. For instance, **board members frequently warned staff not to let grantee organizations "fall off a cliff" when core support stopped. Staff responded by introducing grantees to other funders and helping them showcase their strengths, as well as asking them to develop business plans that would diversify their revenue streams.** Similarly, setting matching contingencies and working actively with grantees to meet them were common practices.
- **Providing funding to build, improve, or purchase buildings, in keeping with the foundation's belief that good buildings can serve as centers for people to come together and create great change.** As a result, key organizations would have a lasting base of operations, as well as share offices in which they could work more effectively together and find ways to economize on shared services and staffing. These buildings also provided the potential for organizations to sublet offices to provide an additional revenue stream.
- **Concluding work in a country by sometimes supporting or even starting a community foundation or similar institution that could continue to support organizations in the fields the foundation had supported and be a vehicle for local donors to start their own philanthropic efforts.**

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Self-determination and Survival in the Migration Sector (Republic of Ireland)

In 2004, Atlantic launched a migration program in Ireland with the aim of enabling Ireland to effectively manage inward migration and improve the experiences and outcomes of arriving migrants. Atlantic had begun developing its migration strategy in 2001 during an economic boom in Ireland. Back then migration for job opportunities and the number of people seeking asylum were rising rapidly. But in a mapping exercise, Atlantic discovered that a relatively weak field of nongovernmental organizations existed that could provide services and advocate for the needs of newly arrived migrants.

Atlantic hoped that a key outcome of its investments would be a strong and capable set of civil society groups operating in Ireland with a common objective of improving the lives of migrants. In all, Atlantic provided \$40 million in funding to 18 organizations, 12 of which worked in Ireland.

As it prepared to exit from the Republic of Ireland, Atlantic pressed six migration service and advocacy grantees to decide how they would adapt to the departure of the foundation and another major funder as well as a changing migration landscape in Europe. At the time, there was not another source of funding to underwrite the migrant organizations' prioritized advocacy and services. Atlantic knew it was important to sustain the capacity of this still new sector because there was still much work to do to secure the rights of migrants in Ireland.

Atlantic staff provided the six organizations with a one-year planning grant to come up with a proposal to the foundation for a final grant. Atlantic hoped that the facilitated process would lead to greater collaboration among the organizations, as well as a solution that they had developed, rather than one imposed by the foundation. The migrant organizations also understood these changes in world events and recognized that they needed to adjust. But Atlantic felt their remedies were diverse and disconnected.

At times, the process grew tense. Some organizations perceived an unspoken agenda or felt that Atlantic favored particular NGOs. After a period of flux and indecision, the resolution fell short of what the foundation thought advisable. But, committed to the rights of the organizations to self-determination, Atlantic agreed to support the proposed direction.

Atlantic staff said the process taught them it was imperative to continually reiterate their focus on sustainability rather than a predetermined solution, and then to demonstrate that by respecting (and funding) the outcomes of a process after the organizations made a convincing case, even though staff believed another approach might be wiser.

A comprehensive evaluation by the Rand Corporation found evidence for both specific policy changes and a stronger field than existed before the investments (2017). According to the evaluation, some impacts, particularly those involving new changes in law, are likely to endure while others may be more vulnerable to subsequent governments and shifting winds. Importantly, Rand concluded funder practice when field building should include:

- * The use of multiannual core funding, approaches to supporting capacity-building within NGOs, and facilitating partnership and collaboration between civil society actors; and
- * A focus on developing relationships with grantees, with availability to provide advice and guidance, as well as trust and encouragement for grantees to be open about problems and challenges.

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Seeding a New Community Foundation (Bermuda)

In Bermuda, where Atlantic was based, the foundation was an active grantmaker for 30 years, investing about \$22 million to support nonprofit organizations, build capacity for social change, and advance the “giving while living” philosophy of founder Chuck Feeney.

As Atlantic prepared to end its grantmaking in Bermuda, the foundation was concerned with a post-recession decline in government support of nonprofit organizations, and the relatively weak capacity of philanthropy on the island to address the needs of the most vulnerable. In the 2010-2011 fiscal year, the government cut funding to nonprofits by more than 50 percent.

After assessing the feasibility of creating the first-ever community foundation in Bermuda, Atlantic gave a seed grant in 2013 to establish the Bermuda Community Foundation. Atlantic also secured additional funding from Renaissance Re, the XL Foundation, the Buchanan Charitable Fund, and Bloomberg Philanthropies as well as other donors.

In 2014, Atlantic made a follow up \$6 million grant to the foundation, its final grant in the country.

With a starting endowment of \$8.4 million from Atlantic and others, the Bermuda Community Foundation is making grants to community organizations, charities, and nonprofits. A number of individuals and families have established their own donor-advised funds through the foundation. A goal of the community foundation is to ensure that local organizations, many of which Atlantic supported, would have a steady and sustainable source of funding.

The community foundation, which is overseen by Atlantic’s former program executive in Bermuda, also helps shape funders’ grantmaking strategies and provides guidance for organizations receiving grants on their approaches to make sure they make the biggest impact possible on the communities they serve.

Atlantic’s approach to providing general operating support was done typically in service of meeting a larger goal, rather than simply supporting a worthy organization working in a field of interest. But Atlantic staff were well aware that the foundation’s funding could represent an outside percentage of an organization’s budget, and they felt a keen sense of responsibility to do what they could to help cushion the loss of that funding for these valued grantees. Still, Atlantic found that it was difficult to discern the ideal time to talk to grantees about the ending of foundation funding and the implications for those organizations’ health and sustainability.

Even when Atlantic staff did make clear repeatedly the scheduling and conditions of exit, those messages concerning the finality of “last grants” were muddled by news of additional grant awards elsewhere as part of other program areas or a large culminating initiative of Atlantic, known as “Global Opportunities and Leverage,” about which some grantees were initially consulted. Those consultations may have raised hopes among grantees that they might be beneficiaries. For grantees that were not receiving more grant awards, these decisions were confusing. In retrospect, some Atlantic staff said that they should have been much firmer and more consistent in their messages to grantees about exactly how and when support would end, as well as what that meant for operations and planning.

Atlantic staff also recognized that helpful supports were missing, insufficient, or sometimes came too late to remediate concerns for individual grantees. For instance, in preparing for exit, Atlantic later added requirements in the form of specific deliverables (e.g., business plans) rather than accepting as adequate grantee plans to use project revenues and overhead to replace lost operating funding.

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As an example of how Atlantic evolved in its approach, early in its grantmaking in Viet Nam, the foundation supported a new \$1.3 million facility for residential vocational training for adolescents with disabilities, but failed to work with the grantee to adequately anticipate and address the operating requirements. The cause was impeccable, the need was evident, and the building was well designed and soundly built. But the business plan for operating and sustaining the training program was insufficient, and Atlantic arguably missed opportunities to help improve it. In time, the program failed. A decade later, the government rents the building out to unrelated nongovernmental organizations. (Proscio, 2015).

Years later, these lessons helped shape Atlantic's integrated approach to construction of the Isivivana Community Center in Khayelitsha, South Africa. The Isivivana Center is a social justice and community center that was built to house activist organizations, including many Atlantic grantees. Members of the local community can also access the library, watch films in the cinema, or visit the free legal advice center. After investigating the center's start-up and maintenance costs, as well as alternative revenue projections, Atlantic, co-funders, and grantees co-designed capital, operating support, and endowment grants to help ensure the center's vitality over time.

On the other extreme, Atlantic occasionally realized that their exit may be too precipitous. In those cases, at times Atlantic signaled its departure and then doubled back when it realized that grantee strengths were essential for preserving gains. In South Africa, for example, Atlantic recognized that grantee organizations it had funded for years were still needed to do the hard and vital work of demanding that the government live up to the promises of the country's Constitution.

To help ensure the vibrancy of the nonprofit advocacy in South Africa Atlantic provided additional funds to Inyathelo, an intermediary that it had previously funded, to offer organizational capacity building and networking to long-time Atlantic grantees. Similarly, Atlantic joined with two other international funders to seed the \$25 million Constitutionalism Fund, an independent regranter that could animate the sector with operating and capacity building support for an additional 10 years.

In numerous, difficult conversations with grantees and among board members and staff, Atlantic learned that they must not underestimate the organizational instinct to survive, nor the funder's own feelings of allegiance to the inspiring partners who made the changes reality. Atlantic saw time and again that organizational leaders will fight hard to save their organizations. While Atlantic had a stated policy for making funding decisions based on larger goals rather than relationships, in practice it could be quite difficult to tell a leader of an organization that staff had developed relationships with over many years that they would no longer receive funding, or not to feel intense pressure to continue supporting those organizations whether or not their work was continuing to meet Atlantic's overarching goals.

Still for Atlantic, grantee organizational sustainability was secondary to progress and sustainability of change. Atlantic recognized that organizations might not sustain operations at the same level after their exit. Thus when Atlantic looked downstream and saw its shared goals were achieved and stable, or that it could not advance them further with their available time and treasure, strategy moved away from direct operating support and more to help secure alternative funding. Atlantic believed that ideally having built capacity and a network, and having been reminded about what lies ahead, that the grantee organization would be better able to advocate for itself and the 'market would decide' whether the organization should continue.

Final Thoughts

Making meaningful big bets on core operating support was one important way Atlantic hewed to Chuck Feeney's belief that its work was to put wind in the sails of visionary leaders and organizations. Much of Atlantic's learning in making core operations grants was how to do that in a way that supported the missions of Atlantic and the organizations it funded. Alongside periodic cautions about being too passive or distant from emerging challenges and changing conditions within grantee organizations, Atlantic's experience reinforced its instinct to get behind aligned leaders to ensure they had the ongoing support they needed to execute and adjust in working toward achieving the foundation's core goals.

The review points to the paramount role of a candid relationship coupled with sharing a common compass of goals, values, and mutual respect to navigate rough waters, emergent obstacles, and unpredictable weather. Indeed, Atlantic found its ongoing support for core operating grants important to both maintaining forward motion and the iterative progress that can overcome mishaps and bad breaks to accumulate into long term success.

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