

The traditional definition of international grant-makers' support for peace and security projects has broadened to include health, education, and human rights programs. Foundations can also help educate Americans about the role of investing resources in cooperative international efforts to solve global problems.

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Challenges of international grantmaking

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TO SUGGEST THAT PATTERNS in foundation grantmaking are influenced by large social, intellectual, economic, and political developments is to state the obvious. After all, such developments help define the challenges and problems foundations set out to address, and the strategic opportunities that are available to them. In the domestic sphere, for example, the politics of devolution—the transfer of responsibility for ensuring vital social services from the federal to state and local governments, and from the public sector to the private—have placed new demands on community groups and on private philanthropy, causing many U.S. foundations to reconsider their grantmaking strategies and the distribution of their resources.

But when those large developments are sufficiently sweeping, unprecedented, and complex, the nature of their influence on

foundation grantmaking becomes far from obvious. Such has been the case in the international sphere over the past decade, a time of enormous social and geopolitical change. The end of the Cold War, the opening of Central and Eastern Europe, the transition to democracy in South Africa, the acceleration of global economic integration, the worldwide expansion of the NGO sector—these and other profoundly important developments have had a complicated impact on international grantmaking in the United States. These massive shifts have called not only for changes in grantmaking emphasis and strategy, but also, in many respects, for a reconsideration of the very terms and categories of international grantmaking itself.

After reviewing the highlights of a recent comprehensive study of international grantmaking, this chapter explores in greater depth one of the major categories of international grantmaking—international affairs, peace, and security—to provide a more vivid picture of the ferment that characterizes international grantmaking today. It then draws some general conclusions about trends in international grantmaking, and considers the special role of foundations in addressing the challenges of a globalized and increasingly interdependent world.

Overview of international grantmaking

What does the field of international grantmaking look like today? In fact, this is not an easy question to answer. To the extent that foundations are responding to new global needs and opportunities, in newly accessible regions, their activities are more difficult to track and categorize (as will be discussed in more detail in the section that follows). There has also been a lag in compiling information, which is frustrating—if inevitable—at a time of such rapid change. The very useful 1997 Foundation Center study from which most of the statistics in this chapter are drawn, for example, ends with 1994 data; since then, several major foundations have restructured their international grantmaking programs (Renz and others, 1997).

According to the Foundation Center study, overall foundation funding grew a healthy 14 percent, adjusted for inflation, between 1990 and 1994—from \$8.7 billion to \$11.3 billion. International funding, which includes both giving in the United States for international activities and giving throughout the world, rose almost \$200 million to an estimated \$966 million in 1994—somewhat under 9 percent of the total, with an inflation-adjusted gain of 11.3 percent since 1990. Within the Foundation Center’s study sample of more than a thousand larger foundations whose grantmaking represented over 50 percent of all foundation giving in 1994 and more than two-thirds of all estimated international giving that year, gains in international funding were much higher—18 percent in real terms—and exactly matched the growth rate for all funding. International funding by the sample foundations amounted to 11.5 percent of all giving by those foundations, the same share as in 1990.

At somewhere around 10 percent or 11 percent of overall foundation giving, then, international grantmaking has doubled since the early 1980s, when it was estimated at about 5 percent of all giving, but has leveled off in the early and mid-1990s. At 10 percent or 11 percent of total giving, it must also be said, international programs do not represent a major priority of the more than forty thousand grantmaking foundations—large and small, independent, corporate, family, and community—in the United States. While nearly half of the Foundation Center’s study sample of about 1,000 larger foundations made at least one international grant in 1994, only 153 foundations devoted at least a tenth of their grantmaking to international programs; 75 devoted at least a quarter of their grantmaking to international programs, and just 31 devoted half or more.

Based on further analysis of the study sample, the Foundation Center reports that international grantmakers have responded to post-Cold War changes by becoming far more active overseas. Funding of overseas recipients grew five times faster than funding of U.S.-based international programs from 1990 to 1994, reflecting no doubt the explosive growth of the NGO sector in many

countries where such citizen-driven, independent activity had been suppressed or unimaginable for decades. Grantmaking to indigenous organizations in Central and Eastern Europe and in the former Soviet Union, for example, increased significantly from 1990 to 1994, as it did in sub-Saharan Africa and Latin America. U.S.-based programs received 57 percent of all grants in 1994, down from 67 percent in 1990. In 1995, the Foundation Center reported that the share of grants going to U.S.-based programs dropped even lower, to 37 percent, but in 1996 it returned to slightly over half of the total.

The increased involvement of funders with indigenous, grassroots groups has produced a more diversified array of international grantmaking programs, as foundations take on local issues and try to respond to local needs. Funding has increased at the grassroots level, reports the Foundation Center, for community improvement and human service programs, primary health care programs, primary and secondary education, adult and continuing education programs, media and communications, historic preservation, the performing arts, migration and refugee issues, and civil liberties. In a related development, funding is also on the rise for “special population groups”—women and girls, immigrants and refugees, children, minorities, people with AIDS, substance abusers, the economically disadvantaged, victims of crime and abuse. Like domestic grantmaking programs, interestingly enough, international grantmaking programs seem to be becoming more focused and more localized.

Also notable in the 1990s have been changes in the broad funding priorities of foundations with international programs. During the Cold War and through the 1980s, international affairs, peace, and security had been the primary funding area for international grantmakers. In the 1990s, according to the Foundation Center, “sweeping geopolitical changes caused funders to reassess their international programs, and dramatic shifts occurred.” Grantmaking for international affairs declined, particularly for policy and research, exchanges, and peace and security. Within the peace and

security subfield, funding for national security programs waned while support increased for arms control and for conflict resolution, one of the fastest-growing areas of international grantmaking. As funding of programs in the international affairs category dropped off, marked increases were recorded in the categories of international development (by 1994 this was the leading field of grantmaking), health and family planning, education, and human rights and civil liberties.

These reassessments and shifts in priorities are worthy of more extended consideration. The next section of this chapter will be devoted to taking a closer look at the status of international affairs, peace, and security grantmaking. Trends in this particular field—formerly the largest and still the third-largest category of international grantmaking—are illustrative of many of the changes and challenges that confront international funders, and indeed all organizations or agencies that are concerned with global problem solving in today's interdependent world.

Trends in security-related grantmaking

The Rockefeller Brothers Fund (RBF) is one of those foundations that have decided to rethink their international programs, and specifically their security and security-related grantmaking. In the RBF's case, this rethinking involved temporarily suspending the Fund's security grantmaking in 1996 and undertaking a two-year effort to encourage and learn from a broad dialogue among scholars and policy shapers about the new threats to and requirements of security in the post-Cold War world—a world in which bipolar conflict is no longer the dominant theme and in which long-range, underlying trends of globalization, technological innovation, and environmental strain are coming to the fore (Pasic, 1998).

In this world, the Fund has learned, security can no longer be equated solely with the military security of the state. The question of whose security matters—nations? individuals? communities?

cultures or civilizations?—is newly open to debate, and a new set of threats and challenges has risen to prominence in the post–Cold War era:

- Globalization, which presents very real opportunities for improving the well-being of people around the world, also poses a host of new problems that respect no national borders, from rapid environmental degradation to international crime to the spread of infectious diseases.
- The Asian financial crisis has provoked a spate of articles pointing to the untrammelled international flow of capital—made possible by the revolution in information technology—as a danger against which even the most well-armed nation cannot defend itself.
- Other problems, like ethnic division and the division between the haves and the have-nots, are perhaps not really new but rather newly visible and newly pressing, now that they are out from under the pervasive Cold War cloud of superpower conflict.

The severity of these problems and the apparent inadequacy of our existing strategies and resources to deal with them suggest that, like widespread military combat, they pose real threats to the ability of nations and societies to sustain themselves—they are threats to security, in other words. Security, viewed in this broader fashion, is about the peaceful management of rapid and constant change—political, environmental, social, economic, technological. Ensuring this kind of security will require new institutional arrangements, new intellectual constructs, and new attitudes and approaches within the public and private sectors alike. The new Global Security grantmaking guidelines that were ultimately adopted by the fund in early 1999 rest on just such a broadened conception of security, a conception that links security to long-standing RBF interests in encouraging sustainable resource use and strengthening civil society. The full text of these guidelines is available on the Fund’s Web site at [www.rbf.org].

The experiences of the RBF and of several other foundations that have been rethinking their security programs suggest that the documented decline in foundation support for international affairs, peace, and security actually masks—and points to—a more complex trend in security-related grantmaking. According to this reading, it is not so much funders' level of interest in security that is changing, but rather their definition of security. Although no consensus has been reached on a new formal definition of security—and many now assert that the pursuit of such a definition is both futile and beside the point—broad notions of “human security” and “environmental security,” which encompass the economic, social, and political aspects as well as the military aspects of people's well-being and safety from harm, have achieved wide informal acceptance among funders, opinion leaders, and policymakers.

So it is not surprising that while grantmaking in the area of traditional security has declined, it is on the upswing in precisely those areas—international development, health and education, and human rights—where one might expect to find solutions to some of the new security problems. Increased attention to these program areas, therefore, ought not to be interpreted primarily as a loss of foundation interest in security and its replacement by other interests, but rather as an expression of misgiving about the capacity of traditional concepts to capture the changing nature of security, and as an exploration of newly perceived relationships among security and other international issues. In short, foundations' security agendas have broadened beyond traditional international affairs, peace, and security grantmaking and now overlap with other international grantmaking areas.

Along with a broadened conception of security has come a broadened array of players and partners on the international security stage. Just as it is no longer only nations whose security matters, so it is no longer—and in fact, has not been for some time—only nations that have the responsibility and the capacity to play a major role in ensuring security. National governments are still significant players, of course, as are international and multinational organizations like the United Nations and ASEAN. But one

of the most remarkable security-related developments of recent years has been the emergence of powerful nonstate actors—including NGOs, other civil society organizations, and corporations—that are capable of advancing or undermining world security, sustainability, and quality of life. The recent negotiations over an international ban on land mines are a striking example of this phenomenon.

Foundations interested in security issues, broadly defined, are thus beginning to act in partnership with—and when appropriate, to make grants to—a much wider variety of organizations in the United States and abroad, including grassroots and national citizens' groups, international NGOs, business associations, and government agencies. Traditional distinctions among these organizations' roles and levels of involvement in international affairs are quickly breaking down. Where community security or human security are at issue (with respect to food safety or contagious disease threats, for example), it may be vital to work simultaneously with local civil society groups, national policy research institutes, and governmental or quasi-governmental entities.

As norms of democracy and self-determination take hold, the general public, too, is becoming a partner in addressing security issues. Here at home, since the United States is still uniquely capable of accelerating or obstructing international progress on security-related issues, building American constituencies for cooperative solutions to international problems—from the burgeoning small arms trade to global warming to the growing gap between rich and poor nations—will ultimately be as critical to ensuring world peace and well-being as supporting the efforts of indigenous NGOs in affected countries. The Rockefeller Brothers Fund is joining with several other international grantmakers to launch such a constituency-building effort, called the Global Interdependence Initiative, which will seek to stimulate a broad dialogue around Americans' basic values and preferences regarding their country's role in the world.

In fact, as the world becomes more interdependent, the very distinction between domestic and international aspects of security is

blurring. It is suggestive, for example, that funding for national security programs per se has declined, according to the Foundation Center report, while support has increased for programs that focus on conflict resolution—an approach to violence prevention that has as strong a potential for domestic application as it does for international applications. What happens here in the United States, for good or for ill, has important consequences globally, and what happens in other countries will have significant direct or indirect effects on the United States. America's profligate use of energy contributes to environmental degradation worldwide, for example; poverty and financial crisis in developing nations severely limit the expansion of markets for American products. In an interconnected world, U.S. domestic policies (regarding workplace health and safety, for example) may ultimately have important implications for U.S. foreign policy (in this instance, trade policy).

U.S. foreign policy, as in the case of economic sanctions, will almost certainly affect conditions here at home. For this reason, helping American citizens learn to understand and address the impact of globalization on their communities, and to recognize the impact of their own actions and choices on communities halfway around the world, may well come to be viewed as an important security-related goal of international grantmaking—although the difficulties that might be encountered in categorizing such a program are themselves illustrative of the flux and ferment that surround this issue.

Challenges for international grantmaking

What do these observations about security grantmaking suggest about international grantmaking in general? Most of the trends discussed thus far are in fact evident across the board in international grantmaking.

The broadening and integration of program areas, for example, and the growing importance of relationships among issues and issue categories are themes that have emerged throughout international

grantmaking. As has also become evident in domestic grantmaking (in troubled urban areas, for example), problems rarely exist in isolation and effective solutions are almost always multifaceted and multidimensional. Like security, then, several of the other major international grantmaking agendas have broadened and begun to overlap significantly with other traditional program areas. International development is no longer just about building dams and bridges and encouraging agricultural innovation, or even just about improving the economies of developing countries; the notion of development has now been enlarged to include a set of related goals, including sustainability, equity, and cultural sensitivity.

Grantmaking designed to strengthen civil society, or to ensure a community voice in resource management and development planning, or to strengthen the rule of law and monitor the behavior of multinational corporations and multilateral lending agencies: all these may now be considered development-related activities. Social, environmental, and cultural considerations are increasingly being brought onto the development agenda because it has become evident that these considerations are in fact interrelated and that only a more comprehensive approach will produce the desired long-range results. The human rights agenda, for its part, has been enlarged to include a more deliberate emphasis on economic and social rights as well as civil and political rights. Human rights grantmaking, more broadly conceived, thus cuts across and overlaps education concerns, development concerns, and health and human security concerns.

Not surprisingly, several of the emerging program areas for international grantmaking that were identified by the Foundation Center are equally cross-cutting. Strengthening governance and civil society, promoting philanthropy, and educating the American public about international issues are all themes that cut across issue areas and beneficiary groups. Even the increasing focus on special beneficiary groups, such as women or children, may be regarded as a way of linking separate but related areas of concern—health, education, human rights, economic development—as they affect a certain population.

All this is not to suggest that international grantmaking categories, as traditionally defined, have never overlapped until now, or that those program categories are meaningless—or, for that matter, that “program areas” as such can ever be more than imprecise measures of the distribution of grant dollars. It does suggest, however, that a more holistic and comprehensive approach to issues and challenges may be gaining ground in international grantmaking—at the price of some clarity in definitions, categories, and conceptual frameworks.

Security is also not the only international program area in which new partners and new players have emerged. A broader conception of the development challenge, for example, requires a broader array of resources, talents, and experience with which to address it. As different types of challenges are increasingly perceived to be linked, so it will be increasingly necessary to adopt problem-solving approaches that link different kinds of skill and insight, from whatever sector or community. While continuing to monitor the policies and practices of the World Bank, for example, the RBF and a number of other international grantmakers have been exploring areas of concern they share with the Bank. The RBF and the Rockefeller, Joyce Mertz-Gilmore, MacArthur, and Heinz foundations have joined with the Bank—and will eventually be joined by private investors—to launch a stand-alone Solar Development Corporation, which will provide financing and business advisory services to accelerate the development of a market infrastructure for the distribution of household solar systems in rural areas of the developing world. Such collaborations are not confined to the development arena. The popularity of “cross-sectoral partnership” as a topic of conversation whenever international donors and NGOs assemble reflects an awareness that no single actor or type of action can resolve complex international or global problems—especially since the capacity and indeed the will of national governments to take the lead in ensuring such resolution is everywhere in doubt.

Finally, the blurring of distinctions between domestic and international, local and global issues is not confined to the security

category of international grantmaking. Globalization—the rapid and increasingly unconstrained flow of people, capital, and information across national borders—teaches us that we are all vulnerable to the effects of environmental, social, health, and financial problems within nations. The so-called local problems of developing countries, or developed countries for that matter, are often linked to global problems—problems whose resolution is in our common interest and requires the active participation of all members of the international community. While many funders have yet to grapple with this phenomenon—and the small number of foundations actually engaged in international grantmaking reflects that fact—some are responding by extending their domestic areas of interest into the global field or applying lessons learned through domestic programs, such as those on conflict resolution, to situations overseas, and vice versa. A few international funders have adopted grantmaking guidelines that focus on specific issues and problems, rather than on regions. Some are imagining a “third way” of grantmaking—the Ford Foundation calls it “global grantmaking”—that seeks to avoid the domestic-versus-international paradigm and instead attempts to help grantees identify, monitor, and respond to international events and trends that affect local interests (Pasic, 1998). Of course, the blurring of distinctions among global and local issues also contributes to the emergence of new partners and partnerships in international grantmaking, since the need to wed local knowledge with national and international policy acumen becomes steadily more apparent.

Interestingly enough, if the interdependence of nations and peoples can be said to be the defining characteristic of the post-Cold War international scene, it is also emerging as a defining characteristic of post-Cold War international grantmaking. Ostensibly separate issue areas and problems are increasingly perceived to be interrelated; different sectors and disciplines are called upon to collaborate in holistic approaches to problem solving; and the borders that divide grantmaking into domestic and international categories are becoming increasingly permeable.

The role of foundations in global problem solving

International or cross-border grantmaking is not without its technical difficulties for American foundations. Communications and reporting are made more complicated by language differences and differences in the legal and regulatory structures that govern civil society organizations in other countries. For private foundations, which are restricted to grantmaking for “exclusively charitable purposes,” there is the challenge of determining—without the benefit of a 501(c)(3) ruling from the IRS—whether or not a potential foreign grantee is the equivalent of a charitable organization in the United States. Several efforts are under way to reduce these obstacles to cross-border grantmaking by identifying best practices, codifying information about nonprofit legislation in countries around the world, and developing standard forms. The Council on Foundations has launched an International Programs Initiative, for example, and the International Center for Not-for-Profit Law in Washington, D.C., is developing a Web site database of laws, regulations, and legal commentaries on the international nonprofit sector.

These difficulties notwithstanding, many observers have lamented the small share of U.S. foundation grantmaking that goes to international programs, especially at a time when globalization so profoundly affects us. World Bank president James Wolfensohn, speaking at the 1998 annual meeting of the Council on Foundations, issued a passionate call for foundations, not to abandon their local concerns, but to consider adding a global dimension or applying a global perspective to their grantmaking as well. “Take a small part of what you’re doing, if you’re not already doing things internationally, and experiment,” he urged. “The responsibilities we have do not end with our cities and communities. They end with a global view. And for those of us who think we can finish our lives thinking only about our local institutions and our local activities, remember that in thirty years’ time, when this meeting is held again in Washington, our children are not going to have that luxury.” It

is a message that will bear frequent repetition in an American political context of weakened commitment to all forms of cooperative international engagement.

But perhaps another kind of appeal can be made as well, by asking whether foundations, given their very nature and by virtue of their special experiences, might have a unique and necessary role to play in effective global problem solving in an interdependent world. The answer, we at the RBF believe, is yes.

In an era of broadened and integrated agendas, foundations' relative "freedom from the crises of transition" enables them to "invest in experiments that connect and reconnect fields of study and spheres of endeavor whose boundaries need to be reconsidered" (Pasic, 1998, p. 17). Working in partnership with NGOs as well as with corporations and government entities, foundations can bring to the international arena their extensive experience in convening discussants, advancing key policy debates, and encouraging dialogue among representatives of different sectors, disciplines, and points of view.

In an era when new, nonstate players are increasingly influential on the international scene, foundation support for civil society organizations takes on crucial significance. The availability of funding, and especially flexible funding, is no small matter. In transitional regions of the world such as South Africa and the formerly Communist countries of Eastern Europe, the premature withdrawal of foreign funding before local sources of support are available could undermine the full reactivation of civil life on which democratization, social stability, and environmentally and culturally sensitive development depend. It is for this reason that the RBF and several other American foundations, including C.S. Mott, Soros, and Ford, have embarked on an unprecedented public-private partnership with USAID to raise bridge funding to help NGOs in fifteen Central and Eastern European countries achieve greater self-reliance and self-sufficiency.

Foundations can also draw on a long history of working with civil society organizations to increase their capacities for collective

action, policy analysis, and public outreach. These are capacities NGOs, particularly indigenous NGOs, must have if they are to engage in productive partnerships with agencies and entities that are often much larger and better established than they are.

Finally, in an era when distinctions between domestic and international issues are blurring, another foundation contribution has become absolutely critical: the ability of foundations to help educate the American public and policymakers about the need to invest meaningful resources—money, of course, but also resources of commitment and vision—in cooperative international efforts to solve critical global problems. Foundations and their grantees can help place international issues in a persuasive conceptual framework that provides a compelling rationale for U.S. involvement in global problem solving, and that offers an equally compelling picture of the consequences of failure to engage. Such a framework will also make clear the need for new and reformed institutional arrangements—both public and private—to address global challenges.

This kind of foundation engagement in international issues has the potential to build broader and stronger constituencies for international engagement itself. Such constituencies are vitally important if the NGOs and grassroots groups, government agencies, and multilateral organizations that stand on the front lines of global problem-solving are to garner the support—human, financial, and political—they so urgently need.

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