International Grantmaking by American Foundations

Joannie Tremblay-Boire

A dissertation
submitted in partial fulfillment of the
requirements for the degree of

Doctor of Philosophy

University of Washington

2015

Reading Committee:

Aseem Prakash, Chair

Christopher Adolph

Mary Kay Gugerty

Program Authorized to Offer Degree:
Political Science

University of Washington

Abstract

International Grantmaking by American Foundations

Joannie Tremblay-Boire

Chair of the Supervisory Committee:
Professor Aseem Prakash
Political Science

Why do American foundations make international grants to certain nonprofits and not others? Numerous studies have examined the determinants of American bilateral foreign aid allocation, but little attention has been paid to the drivers of private aid, including foundation grants. The number of foundations in the United States is growing consistently, as is the amount of grants they distribute. As inequality increases and private wealth becomes more concentrated in the United States, we can expect even more foundations to distribute private aid and potentially channel nonprofit recipients' priorities. Yet, even as nonprofits more generally are receiving increasing attention in political science, public policy, and other disciplines, foundations tend to be ignored by scholars despite their potential for monetary and ideological power. To study grantmaking by American foundations, I adopt a multi-method approach focusing on three factors: their external environment, internal organizational dynamics, and the interpersonal relationships of their staff and trustees with recipient organizations. First, I examine how factors that affect governmental foreign aid distribution may also influence American foundations' international grants. Using a panel of 146 countries for the 2003-2011 time period, I find that self-interest, U.S. foreign policy objectives and need in recipient countries influence foundations. Second, I focus on the internal dynamics within foundations during the grantmaking process through case studies. Here, I

focus on how size, organizational structure, and internal politics influence funding priorities, the grantee selection process, and grant turnover. Third, I study how interpersonal networks between foundations and potential grantees affect grantmaking using social network and multivariate analysis. I expect that interlocking boards of directors between foundations and nonprofits will act as a channel for "connected" nonprofits to send and receive important information, thus making them more likely to receive grants.

TABLE OF CONTENTS

LIST OF FIGURES

ACKNOWLEDGMENTS

First, I would like to express my deepest gratitude to my committee chair Aseem Prakash. He always knew when to push me and when to be patient with me. Every step of the way, he believed in me, trusted me, and guided me. Being Aseem's student made me a better scholar and a better person. I only hope that I can be as good a mentor to my students as he was to me.

This adventure would no have brought me to the University of Washington without Beth Bloodgood. She was there from the very beginning, seeing potential in the young Concordia undergraduate student that I was, and stayed with me on that journey throughout my graduate career. Her advice is always spot on, her scholarship inspires me, and I consider myself lucky to still work with her on a regular basis. Thank you for being a mentor, a colleague, and a friend.

I would also like to thank my committee members, Mary Kay Gugerty and Christopher Adolph, as well as Robert Pekkanen, for their thoughtful feedback on my work, their great ideas on how to move it forward, and their advice on professional development.

This dissertation would not have been possible without Gwyn Skone's research expertise or without foundation personnel and trustees who agreed to share their thoughts and experiences with me. Financial support was provided by the Social Sciences and Humanities Research Council of Canada (SSHRC). Many professors, colleagues, and fellow students also gave me essential feedback throughout the years at seminars, workshops, and conferences. Thank you!

Gang of Six (now Seven) – Anne, Carolina, Hind, Jenn, Kendra, and Yuting – this would

not have been possible without you. Peter Frumkin and Penn fellows, I hope we will continue to see each other at ARNOVA for many years to come. Melissa Stone, David Hammack, and Kirsten Grønbjerg, thank you for taking the time to mentor graduate students like me through ARNOVA. NGO colleagues (all of the Syracuse crew (Hans, George, Jesse, Paloma, Tosca), Wendy Wong, Cristina Balboa, Sarah Stroup, Amanda Murdie, and the many others I am sure I am forgetting), thank you for taking this graduate student under your wing and making me a part of your network.

I would not even be here without the constant support and encouragement of my parents and brother. Maman, papa, Sébas, je vous aime et je m'ennuie. And last but not least, Anthony, my husband, my rock, thank you for suffering through this with me, enduring the crying and the complaining and sharing in the joys and the milestones. You say I would have done it without you, but I am not sure I would have.

DEDICATION

to my husband, Anthony, for his unwavering support

Chapter 1

INTRODUCTION

Early IR works on non-governmental organizations (NGOs) and nonprofits focused on their normative nature: scholars highlighted that these organizations act based on "principled beliefs," usually for the greater good of a "global civil society" and that they have a positive influence on international relations (Keck & Sikkink, 1998; Klotz, 1996; Mathews, 1997; Anderson, 2000). The early literature focused mostly on NGO strategies to influence more powerful actors, typically states, and took for granted the assumption that NGOs were inherently good. Very little, if any, attention was given to external pressures on NGOs (such as the need to raise funds) and to their internal workings (organizational structure and dynamics). NGOs were not really studied as organizations in their own right. Political science scholars were not asking how and why they emerged and functioned. They were only important insofar as they altered state behavior. More recent works have moved away from this depiction of NGOs/nonprofits as strictly normative actors and focused on the material constraints NGOs/nonprofits face in ensuring their survival (Cooley & Ron, 2002; Henderson, 2002; Sell & Prakash, 2004; Bob, 2005; Ron et al., 2005; Mitchell & Schmitz, 2014). This emphasis on NGOs' instrumental interests motivated my research agenda: how are funders, such as the state and grantmaking foundations, affecting NGO behavior? My larger body of work tackles this question through the NGO's perspective, asking whether institutional funders cause mission drift and whether government funding depoliticizes NGOs or influences NGO accountability. This dissertation approaches the question from a different

angle, focusing instead on one type of funder, the foundation, to better understand the complex decision-making process involved in making grants to NGOs.

In 2012, there were 86,192 foundations in the United States with combined assets of $715 billion. They donated $52 billion in grants, which corresponds to 16% of all private giving in America (Foundation Center, 2014). American foundations have also been the object of various political debates, notably on their legitimacy and accountability. For instance, the Boston Review published a forum[1] of prominent scholars on the place of foundations in a democratic system. On the one hand, some of the participants argued that foundations have a place within a democracy because they can supply "minority public goods," support higher-risk, innovative projects and advocacy efforts, and act as a vehicle for voluntary consumption (i.e., if I am allowed to buy a car with my money, why can't Bill Gates donate to charities?). On the other hand, some participants highlighted the dangers of a consensus mentality where all foundations just follow the mega-foundations' agenda, the foundations' lack of transparency, their boards composed often exclusively of the elite and the wealthy, their tax benefits, and so on. Foundations in the United States have often been in the public eye, their legitimacy and privileged position questioned by Congress as well as scholars. Foundations are secretive and mysterious, which can make people uncomfortable. They are also outside of the state and outside of the market, providing them with an opportunity to address state and market failures. Yet, despite their economic clout (which some would argue is growing with the advent of mega-foundations like Gates or Walton), the attention they have received politically, and their unique position in the system, academic research on foundations is quite limited, which, to me, is puzzling. This dissertation is my attempt to address this shortcoming in the literature.

My dissertation is motivated by the following question: why do American foundations make international grants to certain charities and not others? My objective is to gain a

[1]Available at: `http://bostonreview.net/forum/foundations-philanthropy-democracy` (accessed 6 May 2015).

more systematic understanding of foundation grantmaking. I argue that, while foundations often seek to address issues facing underprivileged populations worldwide, other factors also matter when they make grant decisions, including governmental priorities, the media attention countries get, a foundation's organizational structure, and prior ties with NGOs. I adopt a multi-method approach to evaluate the effect of humanitarian need versus government priorities, media attention, internal organizational dynamics, and foundation politics on patterns of grantmaking by American foundations. The dissertation focuses on three key dimensions to explain foundation grantmaking: foundations' external environment, internal organizational dynamics, and the interpersonal relationships of their staff and trustees with recipient organizations. The first chapter examines how factors that affect state foreign aid distribution may also influence American foundations' international grants. Using a panel of 146 countries for the 2003-2011 time period, I find that recipient country need, U.S. foreign policy objectives, and foundation self-interest all factor in grant allocation. The second chapter focuses on the internal dynamics within foundations during the grantmaking process through case studies. Here, I focus on how size, organizational structure, and internal politics influence funding priorities, the grantee selection process and grant turnover across the different types of foundations. The third chapter studies how interpersonal networks between foundations and potential grantees affect grantmaking using social network and multivariate analysis. I expect that interlocking boards of directors between foundations and charities will act as a channel for "connected" charities to send and receive important information, thus making them more likely to receive grants.

1.1 What Is a Foundation?

Foundations are a category of nonprofits/non-governmental organizations (NGOs). The Internal Revenue Service (IRS) recognizes foundations as charities. Yet, scholarly work on NGOs often focuses on voluntary associations (such as Amnesty or Greenpeace) and explic-

itly excludes foundations. In the United States, foundations are of two types: grantmaking and operating. The former provide money to unrelated charities and individuals for charitable purposes, while the latter use their funds to carry out charitable activities themselves (and some foundations do both). If we use the example of a summer camp for underprivileged children, an operating foundation would actually run the camp (hire staff and conduct the day-to-day operations) while a grantmaking foundation would provide the funds for a separate charitable organization like the YMCA (now The Y) to operate it. In this paper, since I am interested in the flows of private resources going to developing countries, I focus on grantmaking foundations.

Grantmaking foundations are typically divided into four types based on the source of their assets and governance: family, independent, corporate, and community.[2] Family foundations are usually funded by an endowment from a single family and family members are active in their governance (e.g., Bill and Melinda Gates Foundation, Walton Family Foundation, David and Lucile Packard Foundation). Independent foundations also depend on an endowment from a single source (such as an individual or family), but are managed by an independent board of trustees and staff (e.g., W.K. Kellogg Foundation, Charles Stewart Mott Foundation, MacArthur Foundation). Corporate foundations receive their assets from a corporation, as opposed to an individual or family (e.g., Bank of America Charitable Foundation, GE Foundation, ExxonMobil Foundation). They can have an endowment, but often receive annual contributions from the parent corporation. Corporate executives also usually serve on the board of trustees. Community foundations rely on donations from various sources, including the general public (e.g., Greater Kansas City Community Foundation, New York Community Trust, Boston Foundation). Their board of trustees has to be representative of community interests.

---

[2]For tax purposes, family, independent and corporate foundations are considered "private foundations" because they receive their money from a limited number of sources. Community foundations are considered "public foundations" because they receive money from the general population.

Types of foundation are likely to influence the questions I investigate in this dissertation because there are systematic differences between their sources of funding, goals, and organizational structures. For instance, because community foundations receive funding directly from the public (and do not have an endowment), they are likely to respond to their community's concerns more explicitly than other types of foundations when making grants. Similarly, because corporate foundations are responsible to their parent corporation, they are likely to attempt to bolster the corporation's reputation through their grantmaking. While independent foundations are often larger and more professionalized, family foundations are generally small and led by family members. As such, family foundations' grantee selection processes are likely to be informal and driven by social connections while independent foundations' selection processes are likely to be highly formal and driven by evaluation data. I argue that the source of a foundation's assets and its governance are critical in determining why a foundation gives to certain nonprofits and not others.

1.2 Plan of the dissertation

As mentioned above, I adopt a three-pronged approach in an attempt to generate a more systematic understanding of foundations' motivations and constraints when making grants. The first chapter asks: To what extent do factors affecting governmental aid distribution influence how U.S. foundations distribute their grants internationally? Have private foundations become de facto tools of American foreign policy? Critics of American foundations have argued that foundations are an instrument of the elites and that, as such, their behavior has been closely aligned with American foreign policy historically. Previous research has also raised some doubts as to whether grant recipients' needs are the major priority of foundations. Esser & Bench (2011) find that the cross-national allocation of private grants in the health sector depends more on the political stability of a country and the visibility of a particular disease than on disease burdens. Lewis (2003) finds that, for environmental

grants, foundations choose recipients based on the same factors as American foreign aid: level of democracy and economic and security ties with the United States. Foundations allocate funds among the chosen recipients based on the overall quantity of unexploited natural resources in a country as opposed to a country's pollution levels, which suggests that foundations also favor "global environmental concerns" over local ones (Lewis, 2003, p. 157).

Drawing on the foreign aid literature, this chapter explores the relative importance of recipient country need, U.S. foreign policy objectives, and foundation self-interest on foundation grantmaking. I expect that the factors that are the most important in determining whether a developing country receives any grant at all may not be the same as the factors determining how much money each country receives. Therefore, I use two key dependent variables. The first is a dichotomous variable indicating whether a given developing country has received foundation grants or not in a given year. The second is the dollar amount of grants allocated to a given country in a given year, among grant recipients. The statistical analyses are conducted for 146 countries over the 2003-2011 period (all the countries that were eligible for foreign aid during that period). I also estimate the same models for each major type of grantmaking foundations (community, corporate, family, and independent) individually to clarify whether different types of foundations focus on different factors. For instance, I would expect that, because community foundations rely on donations from the public, they would be more sensitive to what the public sees in the news than other foundations. Corporate foundations, on the other hand, may be more sensitive to economic factors, choosing to send more grant dollars to countries that have good trade relations with the United States and that are less corrupt. Family foundations in general do not have staff that can identify the most deserving areas for their funds, so they might take cues from governmental foreign aid to guide their grantmaking.

The second chapter is concerned with dynamics and politics within foundations as organizations. How do foundations decide internally to which nonprofits they will make grants?

There has been very little research on the foundation grantmaking process itself. At this point in time, what happens between the moment a nonprofit sends its application and the moment it receives (or does not receive) money remains a black box for scholars and nonprofits alike (Diaz, 1999; Faulk et al., 2012). A common saying in the nonprofit world is that "when you have seen one foundation, you have seen only one foundation." Yet, foundations are organizations comprised of people (employees or volunteers) who ultimately follow relatively similar screening and evaluation processes (read applications, rank them, discuss them with a committee, select winners, and get approval from the board of directors) in the pursuit of a similar goal (give money to projects that contribute to some "good cause"). This suggests that there ought to be some generalizable patterns across types of foundations.

However, there is no theoretical literature specifically on foundation decision-making to guide my research. Thus, I propose to use common categorizations of foundations to develop hypotheses about foundation grantmaking. What internal factors influence grantmaking decisions? I argue that type of foundation (family, independent, corporate or community) should affect the decision-making process systematically, specifically with regards to foundations' funding priorities (how narrow/broad and how stable/changing they are), the formality of their selection process, and the rate of turnover in their grants (i.e., how often they repeat grants to the same nonprofits). For instance, I hypothesize that family foundations will tend to have narrower funding priorities, informal selection processes and low grant turnover while community foundations should have broad funding priorities, highly formal selection processes, and high turnover. I conduct structured interviews with eight foundations located in Washington State to test my hypotheses. Empirical support for my hypotheses is mixed. While hypotheses on the formality of the grantee selection process are mostly supported by the interviews, hypotheses on funding priorities and turnover rates are mostly unsupported.

In the third chapter, I explore whether and how social ties between foundations and nonprofits matter in grantmaking: are nonprofits with more connections to foundations

more likely to receive grants than less connected nonprofits? I study how interpersonal ties, specifically interlocking boards of directors/trustees (i.e., when a trustee from a foundation also sits on a nonprofit board), affect grantmaking. I expect that interlocking boards of directors between foundations and nonprofits will act as an information dissemination mechanism, making "connected" nonprofits more likely to receive grants. Foundations must choose grantees based on limited information from grant applications. Nonprofits possess a lot more information about themselves than what they share with the foundation. Much like a prospective employee interviewing for a new job, nonprofits have an incentive to appear in the most positive light possible to the foundation in their grant application, which creates incentives for them to withhold information that would make them less appealing. This can be interpreted as a principal-agent problem where the agent (the nonprofit) may not reveal its true preferences to the principal (the foundation). A trustee who sits on the boards on both organizations can help the foundation uncover the "true preferences" of the nonprofit. As such, a board interlock can reduce the foundation's information deficit and its uncertainty about the nonprofit. Instead of making potentially bad decisions based on limited information, foundations are expected to give money to nonprofits that they "know" (either through a board connection or through other means, such as prior grants). Another implication of this explanation is that knowing someone at a foundation may help a nonprofit to receive a grant in the first place, but may or may not influence the actual dollar amount of the grant. This chapter examines grantee selection and distribution of funds separately to see if this implication receives empirical support.

I gathered data on the staff and trustees of 112 Washington State foundations that make internationally-oriented grants and on the staff and trustees of 100 of their nonprofits grantees (as well as 96 matched nonprofits that have not received grants but are similar to the grantees). The statistical analysis on the decision to make a grant is inconclusive because of perfect prediction in the data (i.e., only nonprofits that received grants had board/staff

connections with foundations). However, the observation of perfect prediction may in and of itself signal that connected nonprofits are more likely to receive foundation grants. Further investigation among nonprofits that did receive grants shows that there is also a relationship between the actual dollar value of grants they received and board ties, but only in the model on community foundation funding. An analysis of interview data with Washington State foundations appears to support the argument to a large extent. More than half of foundation representatives, especially from family foundations, indicated that social ties (through board interlocks and otherwise) can lead to grants because the connection creates a sense of trust.

1.3 Significance

This research is theoretically significant because it constitutes the first step in developing a theory of foundation grantmaking. Numerous studies have examined the determinants of American bilateral foreign aid allocation, but little attention has been paid to the drivers of private aid, including foundation grants (but see Büthe et al., 2012). The number of foundations in the United States is growing consistently, as is the amount of grants they distribute (Lawrence & Mukai, 2011). As inequality increases and the rich become richer in the United States (and elsewhere), we can expect to see even more foundations distributing more private aid and potentially channeling their recipients priorities in the future. Yet, even as NGOs and nonprofits are receiving increasing attention in political science, sociology, public policy, and other disciplines (see for example Bob, 2005; Carpenter, 2007; Cooley & Ron, 2002; Edwards & Hulme, 1996; Grønbjerg, 1993; Keck & Sikkink, 1998; Prakash & Gugerty, 2010; Smith & Lipsky, 1993; Stroup, 2012), foundations tend to be ignored by scholars despite their potential for monetary and ideological power (but see Anheier & Daly, 2007; Domhoff, 2002; Dowie, 2001; Faber & McCarthy, 2005; Frumkin, 2006; Lageman, 1999).

Although nonstate actors such as foundations are supposed to work outside the ambit of the state, the latter exerts a strong structural power which leads nonstate actors to work

in concert with state actors. My research raises important question about the actual levels of independence of nonstate actors. Unlike nonprofits which might depend on the state for funding and therefore tend to mimic its policies, foundations are typically not dependent on the state for their organizational survival. Yet, my findings suggest that foundations still follow government foreign policy interests when making grants abroad. Academic research on NGOs/nonprofits tends to emphasize the boundaries and differences between the public and nonprofit sectors (and the private sector as well). After all, NGOs are, even in name, defined in opposition to the government ("non-governmental"). This research leads us to question this state-nonstate dichotomy however. Foundations are a product of the political and societal structure of the United States. They exist in a state environment and they are constrained by it. No matter their level of independence from the state, they can never exist completely autonomously from it. As such, scholars should "bring the state back in" as it can help us to better understand the form that foundations, and nonprofits more generally, take and the strategies that they follow (Bloodgood et al., 2014).

Focusing on interpersonal connections is also important theoretically because it moves scholarship beyond the external environmental constraints and internal organizational dynamics through which we usually think about decision-making and instead focuses on the relational aspect of grantmaking. If we were to examine only foundation characteristics and nonprofit characteristics when studying grantmaking, we would be missing an important piece of the puzzle: the relationships that individuals within these organizations form with each other. As Granovetter (1985) notes, economic relationships are often assumed to be rational and utilitarian, which leads us to underestimate the importance of social relations to economic transactions. Yet, social ties can serve as an important source of information in an uncertain world. The fact that foundation rely both on formal selection processes through grant applications and on more informal selection through social ties and prior first-hand experience with grantees suggests a variety of potential questions for future research.

Is grantmaking inherently unfair? (and if it is, should we be concerned about its unfairness?) Are certain nonprofits more likely to gain access to foundations' social networks? Are the nonprofits that do get access necessarily the most effective? What does this mean for the overall effectiveness of foundation grantmaking? Can grant allocation be improved to maximize social benefit and at what cost?

Empirically, this dissertation provides two new sources of data on foundations: a new multi-year (2003-2011) data set of international grants by almost 1,500 American foundations culled from Foundation Center data and a new data set on ties between more than one hundred Washington State foundations and nonprofits from the Western United States. The first data set includes foundation characteristics (such as type, founding year, assets, etc.), descriptive information about the grants themselves (including amount, grant recipient, focus areas, and in certain cases brief descriptions), as well as developing country characteristics (see chapter 1 for more details). Very few scholars have used the Foundation Center's data so far. With the assistance of a computer scientist colleague and the permission of the Foundation Center, I scraped the Center's entire database for grants categorized as "international." The second data set includes foundation characteristics, nonprofit characteristics, as well as board and staff ties between them for 2011. Both data sets also have the potential to be expanded for future research.

It is important to note that this dissertation is limited to American grantmaking foundations. In chapters 2 and 3, the analysis is further limited to Washington State foundations. Because scholarly research on philanthropic foundations is still scant, it is difficult to tell if Washington State foundations are representative of the broader foundation population in the United States. We do know, however, that foundations differ widely across countries (Anheier & Toepler, 1999), suggesting that chapter 1 is most probably not generalizable to other countries. As a post-dissertation project, I hope to gather grant information from foundations in various countries to conduct a comparative analysis. This dissertation is also

focused on "international" grants broadly defined. Limiting the sample to one category of grants is useful if one expects to see different relationships in different nonprofit sectors. For instance, one might expect health-related grants to be based to a larger extent on performance data than human services grants, since health metrics are more widely available and accepted. As another example, one might expect grants in the arts sector to be more dependent on social ties because arts communities tend to be closely knit. One advantage of focusing on "international" grants is that, although it is presented as a category much like arts, human services, or the environment, as a geographical category it actually includes grants in multiple sectors, which will allow me to conduct within-sample analyses in the future to examine variations in the allocation of international grants by sector. One disadvantage, on the other hand, is that grants are so varied in the international category that this may be masking underlying relationships that would have been evident if I had chosen a sector in the more "traditional" sense. Future research should compare grants within various sectors systematically.

Chapter 2

EXTERNAL DETERMINANTS

Foundations are charitable organizations, but do they necessarily serve the neediest populations? Table 2.1 shows the value of health-related grants made by American foundations in 2011 to three sets of neighboring countries in Africa.[1] DALYs, or disease-adjusted life years, measure the overall disease burden in a country. The numbers provided here illustrate the numbers of years of healthy life lost due to illness or premature death. If foundations served the neediest populations, we would expect to see more health-related grant money flowing to countries with higher DALYs. Yet the picture depicted in table 2.1 is not that clear.

In 2011, Liberia, Côte d'Ivoire, and Sierra Leone showed similar DALYs and received similar (low) amounts in health-related grants from American foundations. In the case of the Central African Republic, Chad and Cameroon, Chad received significantly more grant dollars than its neighbors despite the fact that the disease burden was higher in the Central African Republic. When looking at Tanzania, Uganda, and Kenya, one can see that the relationship is completely inverted: Kenya, the country with the fewest healthy years of life lost, received ten times as much foundation funding as Tanzania. A scatterplot of DALYs and health-related grants per 1,000 people for 47 African countries similarly shows the lack of consistent relationship (figure 2.1).

These very preliminary observations seem to indicate that foundation money may be going to the neediest in some circumstances but not often. Why? What factors in addition to

[1]Foundation grant data available from the Foundation Center. DALY data available from the World Health Organization (`http://www.who.int/healthinfo/global_burden_disease/gbd/en/`).

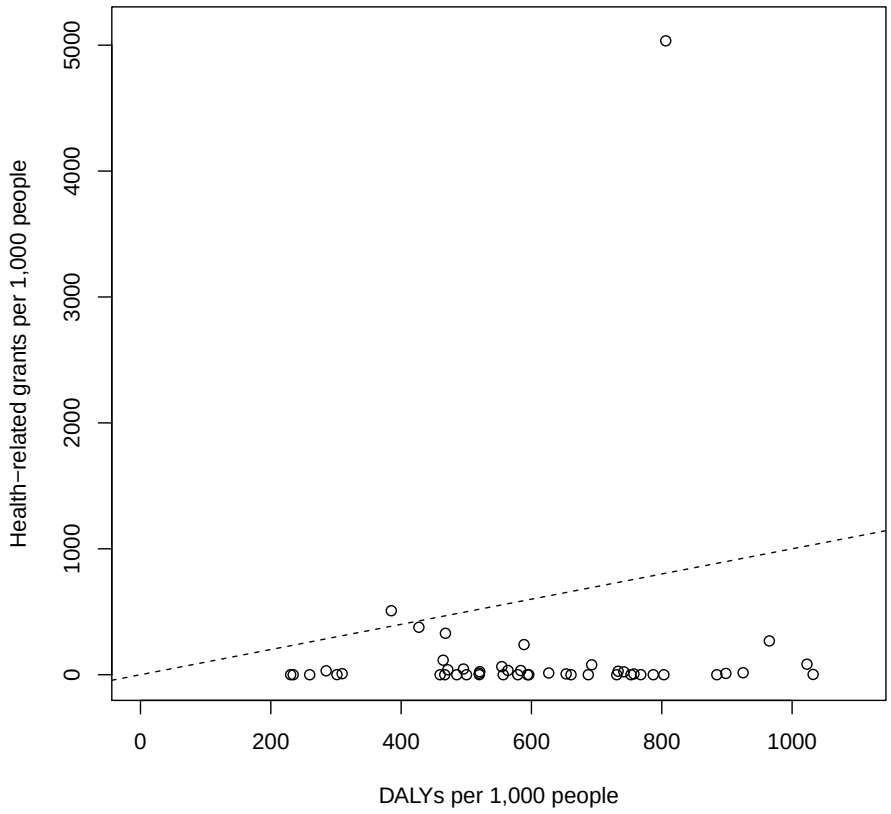

Figure 2.1: 2011 health-related U.S. foundation grants in 47 African countries

	DALYs per 1000	Grants per 1000
Liberia	787	$0
Côte d'Ivoire	768	$0.52
Sierra Leone	687	$0
CAF	1032	$2.25
Chad	884	$13.63
Cameroon	627	$0
Tanzania	584	$33
Uganda	554	$64
Kenya	468	$329

Table 2.1: 2011 health-related U.S. foundation grants

recipient need influence charitable foundations' grantmaking? Why do American foundations make grants in certain countries and not others? More specifically, this chapter aims to determine that extent to which factors affecting governmental aid allocation influence how U.S. foundations allocate their grants internationally.

Critics of American foundations have argued that foundations are an instrument of the elites and, as such, their behavior has been closely aligned with American foreign policy historically (Arnove, 1980; Berman, 1983; Domhoff, 2002; Roelofs, 2003). If private foundations are indeed a tool of U.S. foreign policy, the observable implication is that factors that affect the geographical distribution of U.S. official development assistance (foreign aid), such as U.S. strategic interests, recipient country need, and recipient country governance, should also affect the distribution of foundation grants.

2.1 Theory and Hypotheses

In this chapter, I examine the literature on the determinants of foreign aid allocation[2] with the intent of applying it to foundation grantmaking. Why might determinants of foreign aid allocation apply to foundations' private aid allocation? A more charitable explanation is that foundations function in an information-scarce world. Smaller foundations in particular may not have the resources to employ individuals who can identify the most deserving regions for their largess. Hence, foundations may take cues from the government and/or mimic governmental aid in their grantmaking. A less charitable explanation, the one propounded by critics of American foundations, is that foundations are an instrument used by the elites to maintain their hegemony. Foundation behavior has been argued to be closely aligned with American foreign policy historically because economic elites and political elites share a common interest in maintaining their position of power (Arnove, 1980; Berman, 1983; Domhoff, 2002; Roelofs, 2003). Critics cite the revolving door between government and foundations as evidence of this reality: for instance, Dr. Rajiv Shah, administrator of the United States Agency for International Development (USAID) until last February, worked for the Bill and Melinda Gates Foundation for eight years before taking his post at USAID.

Foreign aid and foundation grants are also similar in purpose, insofar as the main objective of bilateral official development assistance must be the"promotion of the economic development and welfare of developing countries."[3] As such, it seems reasonable to use the well-developed literature on foreign aid to better understand foundation grantmaking.

Why do donor states, such as the United States, send development assistance to some

---

[2]Another large segment of the foreign aid literature is dedicated to understanding the effect of aid on recipient countries (see for example Burnside & Dollar, 2000; Collier & Dollar, 2004; Easterly, 2003; Boone, 1996; Cassen, 1994). Does foreign aid lead to economic growth? Does it reduce poverty? I do not focus on this literature here.

[3]See the Organisation for Economic Co-Operation and Development (OECD) website: `http://www.oecd.org/dac/aidstatistics/officialdevelopmentassistancedefinitionandcoverage.htm` (accessed 29 November 2012).

states but not others? Three broad explanations are proposed in the literature: recipient need, strategic interest, and good governance. The first explanation, recipient need, holds that donor states will choose to send assistance to countries that need the most help. State behavior, even in the international realm, is driven by values such as justice and compassion. If this explanation is correct, donor states should give primarily to poorer states (low economic development) and states with low living standards (low human development). States that are at war or suffering from humanitarian emergencies (such as natural disasters) should also receive more aid to take care of the suffering and destruction. This explanation can easily be extended to foundations. As charitable organizations, we would expect foundations to make grants based on need.

According to the second explanation, strategic interest, states are strategic actors and foreign aid is a tool to further the national interest, in terms of both security and economic well-being. When deciding among potential aid recipients, donor states will consider their own national priorities. If this explanation is correct, donor states should give primarily to states with which they have trade or military relations. Donor states should also target recipients that are politically "friendly," in the sense that they have similar foreign policy preferences (for instance, their votes tend to align at the United Nations General Assembly). Donor states should favor states in their sphere of influence (for instance, the United States should give disproportionately to Latin America) and their former colonies. Since former colonial powers favor their own colonies when it comes to aid, it is hypothesized that countries like the United States will discriminate against other donors' former colonies to compensate for that preferential treatment from former colonial powers (in other words, the United States should give less to former European colonies than to other states). Critics of foundations would extend this more realist perspective to foundation grants as well: what is in the self-interest of the United States is in the self-interest of the rich elites who lead American foundations. In that sense, grants, just like foreign aid, can be used as a tool to further the

national interest.

Good governance is the third explanation proposed to explain foreign aid allocation. It posits that "bad" leaders (for example autocratic leaders, leaders who torture their population, or corrupt leaders) have no incentive to change their behavior if they receive aid. Therefore, donor states choose not to allocate aid to developing countries with "bad" leaders to signal that the latter's behavior must change. Foundations may also be rewarding countries with better human rights records or less corruption. Practically, it may also be "easier"/safer for foundations to contribute to projects in countries that exhibit less corruption and better respect for human rights.

In this particular study, I include both strategic interest and good governance under the umbrella of "U.S. foreign policy objectives," since encouraging good governance abroad (through democratization efforts or by tying aid to human rights records for example) has been a foreign policy priority of the United States. American foundations may be choosing grant recipients based on recipient need, U.S. foreign policy objectives, or both. Foundations may also be acting in their own self-interest. This explanation is discussed in more detail below.

Empirically, most scholars find mixed motives behind bilateral aid from states.[4] Some find more support for the strategic interest explanation of aid allocation (McKinley & Little, 1979; Maizels & Nissanke, 1984; Alesina & Dollar, 2000) while others argue that recipient need or the good governance ("moral") explanation are equally important motives (Mosley, 1981; Lumsdaine, 1993). Good governance does not appear to have a consistent influence (Neumayer, 2003). Findings also vary significantly by donor country: for instance, it is usually argued that France focuses on its own strategic interest while the middle powers

[4]The works cited here tend to focus on bilateral (country-to-country) rather than multilateral aid (through international institutions) because bilateral aid flows are more similar to foundation aid flows. The literature suggests that the determinants of multilateral aid are different from the determinants of bilateral aid (see Maizels & Nissanke, 1984)).

(Scandinavian countries, Netherlands, Canada) tend to emphasize recipient need (Schraeder et al., 1998; Alesina & Dollar, 2000; Neumayer, 2003; Isopi & Mavrotas, 2009).

What about the United States? According to Neumayer (2003), poorer countries (lower GDP), democracies, countries with less respect for the rule of law, and countries with fewer regulations ("low regulatory burden") are more likely to receive aid from the United States. Among countries that do receive aid, poorer countries, former European colonies, countries that receive a greater share of U.S. military grants, and more democratic countries tend to receive greater amounts of aid from the United States. Isopi & Mavrotas's (2009) findings are similar in that poorer countries (and countries with low GDP growth) as well as countries with greater respect for civil liberties are more likely to receive U.S. aid. However, they do not find a significant effect for being a U.S. military ally (they use arms transfers as the indicator, not military grants). Fleck & Kilby (2010) also find that poorer countries are more likely to receive U.S. aid, and to receive greater amounts of it. However, in their analysis, a country's level of democracy only affects the value of aid while military grants affect both selection and value. They also find that, contrary to the other studies, U.S. exports are positively associated with the amount of aid a country receives (see also Berthélemy, 2006). In sum, the factors that seem to play the most important role in determining American foreign aid are: income in the recipient country, U.S. military aid to the country, democracy, and U.S. exports to the country. Interestingly, these factors correspond to all three categories of motives presented above: donor interest (military aid, exports), recipient need (income), and good governance (democracy).

In light of the foreign aid literature, I propose two sets of hypotheses matching the three broad explanations of foreign aid allocation: recipient need and U.S. foreign policy objectives (which includes both strategic interest and good governance). If foundation grantmaking follows similar patterns as U.S. foreign aid, hypotheses 3.2.4, 3.2.1, 3.2.2, and 3.2.6 (at least) should be supported.

Recipient Country Need

Hypothesis 2.1.1 *Poorer countries are likely to receive more foundation dollars.*

Hypothesis 2.1.2 *Countries with lower living standards are likely to receive more foundation dollars.*

Hypothesis 2.1.3 *Countries that experience a conflict are likely to receive more foundation dollars.*

Hypothesis 2.1.4 *Countries that experience a natural disaster are likely to receive more foundation dollars.*

U.S. Foreign Policy Objectives

(Strategic interest)

Hypothesis 2.1.5 *U.S. military allies are likely to receive more foundation dollars.*

Hypothesis 2.1.6 *U.S. trading partners are likely to receive more foundation dollars.*

Hypothesis 2.1.7 *Countries that are politically similar to the U.S. are likely to receive more foundation dollars.*

Hypothesis 2.1.8 *Latin American countries are likely to receive more foundation dollars.*

Hypothesis 2.1.9 *Former European colonies are likely to receive fewer foundation dollars.*

(Recipient Country Good Governance)

Hypothesis 2.1.10 *More democratic countries are likely to receive more foundation dollars.*

Hypothesis 2.1.11 *Countries with better human rights are likely to receive more foundation dollars.*

Hypothesis 2.1.12 *Countries with less corruption are likely to receive more foundation dollars.*

I also include a third set of hypotheses related to foundation interests. Foundations, like states and NGOs more generally, must ensure their organizational survival and prestige while also addressing the needs of vulnerable populations, so they may behave strategically in their self-interest. The literature on NGOs highlights that competition for donor funds among NGOs renders material incentives more important than normative ones and leads to principal-agent problems such as opportunism, collusion, and hidden information (Cooley & Ron, 2002; Bob, 2005; Prakash & Gugerty, 2010). Although the majority of foundations do not face the same competitive pressures as NGOs with regards to their endowments (but see Graddy & Morgan, 2006 on community foundations having to market themselves to donors), their grantmaking strategy can still be influenced by the self-serving objectives of foundation leaders, such as being recognized by their community, protecting their brand, or overcoming a bad reputation (Fleishman, 2007). The best way to enhance a foundation's prestige is to make grants to successful initiatives that achieve impact and visibility. When potential NGO partners are already operating in the recipient country, they have local expertise and ties to the community, which increase a project's chances of success. Before entering a new region or area of expertise, foundations will often wait for prospective grant recipients to emerge (Heydemann & Kinsey, 2010). As such, foundations wanting to maximize their chances of success are likely to focus their efforts in countries where greater numbers of NGOs (local or international) are already operating. Foundations are also likely to focus on countries that appear more frequently in the media because, as Ron et al. (2005, pg. 564) highlight, it "should be easier to attract media interest to [projects] in countries that the media already cares about." Media visibility can serve to increase a foundation's prominence and reputation for expertise.

Foundation Self-Interest

Hypothesis 2.1.13 *Countries with more NGOs are likely to receive more foundation dollars.*

Hypothesis 2.1.14 *Countries that appear more frequently in the media are likely to receive more foundation dollars.*

2.2 Data and Methods

The data in this chapter are limited to countries that were eligible for official development assistance (foreign aid) at any time between 2003 and 2011. Data on foundations grants from the Foundation Center's *Foundation Directory Online* is only available starting in 2003 (and at the time the data was collected in 2012, 2011 was the last complete year of data). The two dependent variables are 1) a dichotomous variable indicating whether a country received any grant from American foundations, and 2) the logged dollar amount of international grants made by American foundations for a given country. The total dollar amount is calculated by summing all grants to a given country in a given year and then logged. I do not use per capita aid because I control for recipient country population. I obtained the data on foundations grants from the Foundation Center's *Foundation Directory Online*, which lists all grants of $10,000 or more by approximately 1,400 of the largest American foundations every year. In this sample, there are 107 community foundations, 228 corporate foundations, 354 family foundations, and 730 independent foundations (total of 1,459 foundations).

As part of "international giving," the Foundation Center includes both grants made directly to overseas recipients and grants made to domestic U.S.-based recipients for "international" purposes (such as international development, international affairs, etc.). Since grantmakers are often reluctant to make grants to overseas charities because it is harder both to determine who is qualified at the outset and to monitor the grants (Renz, 1998), I

estimate the regressions using all "international" grants that list at least one of the specific countries of interest in this research. Some grants are listed as "international," but do not indicate a specific recipient country. I do not include those in the statistical analysis. I only include grants for which the description lists specific country recipients. If more than one country is listed, I split the amount equally between all recipients.

As a robustness check, I estimate regressions using a different dependent variable: the total dollar value of grants made by a given foundation in a given year for a given country. For instance, the sum of all grants made by the Bill and Melinda Gates Foundation concerning Angola in 2008 would be one observation (as opposed to all grants by all foundations to Angola in 2008 as in the original regressions). As such, the number of observations in the models increases from 1297 (146 countries $\times$ 9 years (minus a few recently created countries)) to 994,799 (767 foundations $\times$ 1297). I also estimate the regressions separately for community, corporate, family, and independent foundation grants. It seems fair to assume that different types of foundations may focus on different factors when making grants. For instance, I would expect that, because community foundations rely on donations from the public, they would be more sensitive to what the public sees in the news (i.e. media visibility) than other foundations. Corporate foundations, on the other hand, may be more sensitive to economic factors, choosing to send more grant dollars to countries that have good trade relations with the United States and that are less corrupt. Family foundations in general do not have staff that can identify the most deserving areas for their funds, so they might take cues from governmental foreign aid to guide their grantmaking. The results for these supplementary analyses are presented in separate sections below.

All independent variables in the statistical analyses are lagged one year and all dollar amounts are in constant 2011 U.S. dollars. The *recipient need* explanation suggests that foundations may be more likely to make grants to charities located in countries that are poor, have low living standards, and/or are experiencing emergencies. The variable `income`

is each country's logged yearly GDP (source: World Bank). I include a few alternative measures of living standards: `human development`, a composite statistic of life expectancy, education, and income indices (source: Human Development Index), `inequality` via the GINI index (source: World Bank), and `poverty`, the percentage of people living on less than $2 and $1.25 a day in the recipient country (source: World Bank). The variable `conflict` ia s dichotomous variable indicating whether each country was involved in an armed conflict in any given year (source: UCDP/PRIO Armed Conflict Dataset), and `natural disaster` the number of major natural disasters faced by each country in any given year (source: OFDA/CRED International Disaster Database).

Second, the *U.S. foreign policy objectives* explanation suggests that foundations may be more likely to make grants based on U.S. strategic interest: to charities located in countries that are U.S. military allies, U.S. trade partners, countries that are politically similar to the U.S, in the U.S. sphere of influence, and/or to charities not located in former European colonies. The variable `military aid` represents the yearly dollar amount of military assistance each ODA-eligible country has received from the United States government (source: USAID U.S. Overseas Loans and Grants). The variable `trade` represents the yearly amount of exports of U.S. goods going to each country (source: U.S. Census Bureau). The `political similarity` variable represents the similarity of the political positions of a given country and the U.S. based on their voting in the United Nations General Assembly (UNGA) each year (source: Strezhnev & Voeten (2013-02)). The variable is a number between 0 and 1, which represents the total number of UNGA votes on which both states agree divided by the total number of joint votes. States can vote "yes," "no," or abstain. An abstention is counted as half-agreement with a "yes" or "no" vote. A dichotomous variable indicating if the country is Latin American is included because Latin American countries have been shown to receive more private NGO aid (as opposed to private foundation grants) than other developing countries (Büthe et al., 2012). I also add a dichotomous variable indicating whether the country

has a colonial heritage (source: La Porta et al. (1999)) because the literature on foreign aid demonstrates that donor countries tend to favor their former colonies when allocating ODA (Alesina & Dollar, 2000; Neumayer, 2003). As a result, donors may discriminate against other donors' former colonies to compensate. American foundations may do to the same, choosing to make grants in areas that are less likely to receive ODA from former colonial powers.

The *U.S. foreign policy objectives* explanation also suggests that foundations may be more likely to make grants based on a country's governance record: to charities located in countries that are more democratic, that respect human rights, and that limit corruption. `Democracy` is measured using the country's POLITY score. The variable `human rights` represents the Physical Integrity Rights index, an additive index examining government respect for rights against torture, extrajudicial killing, political imprisonment, and disappearance, which is taken from the Cingranelli-Richards (CIRI) Human Rights Dataset (2013). An alternative measure is the Political Terror Scale, a yearly report of the levels of political violence and terror that recipient country experiences based U.S. State Department Country Reports on Human Rights Practices.[5] The `corruption` variable aggregates "perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as 'capture' of the state by elites and private interests" (Kaufmann et al., 2010). Corruption is included in the statistical analyses because of the theoretical argument about good governance presented above and because studies of foreign aid include it. However, indicators for corruption such as this one are known to be problematic (see Treisman, 2007). Notably, they should probably not be used in longitudinal studies as their sources vary from year to year. They are also highly correlated with GDP per capita measures (approximately 0.80).

Finally, hypotheses 3.2.13 and 2.1.14 suggest that foundations may be more likely to send

[5] A value of the Political Terror Scale is also calculated based on Amnesty International reports, but fewer data points are available.

money to charities located in countries with more NGOs and/or in countries that receive a lot of media attention in the United States. The `NGO` variable is a yearly count of international NGOs (INGOs) located in a given country according to the Union of International Associations' *Yearbook of International Organizations*. Counts of international NGOs are not a perfect indicator of the potential for local foundation partners, but counts of domestic NGOs are notoriously difficult to obtain. In addition, the count of international NGOs may be capturing the legitimacy effect that foundations seek. If INGOs are congregating in a given country, it may signal that this is "where the action is" and this is where foundations may want to have a presence. There may even be a revolving door between INGOs and major foundations. Following Büthe et al. (2012), the `media` variable is a yearly count of news stories about each country in the *New York Times*: most regional and local newspapers coverage in the U.S., as well as television coverage (especially of foreign affairs), is highly correlated with *New York Times* coverage (Büthe et al., 2012). In future research, it would be helpful to conduct a content analysis of the newspaper coverage to assess how each news item portrays recipient countries instead of relying solely on a count.

In addition to these key country-level independent variables, I add a variable to account for "capacity:" the percentage of paved roads in the country (source: World Bank). Foundations may be focusing on areas where they will reach the needy but also maximize impact. Maximizing impact is probably easier when there is basic infrastructure. So foundations may be considering a combination of need and capacity. I also include each country's logged yearly population count (source: World Bank). Since many NGOs, including foundations, in the United States explicitly espouse Christian values and beliefs, I also add the percentage of Christians in each country as a control variable. `ODA` (source: U.S. Official Development Assistance Database) and `multilateral ODA` (source: OECD) are also included as controls. Foundations may be trying to supplement governmental aid, complement it, or disregard it entirely (Young, 2006; Frumkin, 2006; Hammack & Anheier, 2013). Table 2.2 details the

variables presented above, their definition, and their source.

Because rates of missingness are quite high for some of these variables, I implemented multiple imputation using **AMELIA** (Honaker et al., 2009) to generate five complete datasets. I estimated each regression using all five datasets. The results presented below are the combined results. Tables 2.3 and A.1 (in Appendix A) present summary statistics after multiple imputation and for the original data respectively (Hlavac, 2014).

	Variable	Definition	Source
Dependent Variable	Grants dummy	Whether recipient country received any grant (per year)	Foundation Directory Online (Foundation Center)
	Grants	Grant amount to recipient country (per year)	Foundation Directory Online (Foundation Center)
Recipient Need	Income (H1)	GDP of recipient country	World Bank World Development Indicators
	Human Development (H2)	Composite statistic of life expectancy, education, and income indices (closer to 1 = better) in recipient country	Human Development Index
	Inequality (H2)	GINI index (0 = perfect equality, 100 = perfect inequality)	World Bank World Development Indicators
	Poverty $2/day (H2)	Percentage of recipient country population living on less than $2 per day	World Bank World Development Indicators
	Poverty $1.25/day (H2)	Percentage of recipient country population living on less than $1.25 per day	World Bank World Development Indicators
	Conflict (H3)	Whether the recipient country was involved in an armed conflict in a given calendar year	UCDP/PRIO Armed Conflict Dataset data version 4 (2013)

Table 2.2: Operationalization of the variables (continued on next page)

	Natural disaster (H4)	Number of natural disasters in recipient country in a given calendar year	EM-DAT: The OFDA/CRED International Disaster Database
U.S. Foreign Policy (strategic)	US military grants (H5)	U.S. military assistance to recipient country	USAID U.S. Overseas Loans and Grants (Greenbook)
	Trade (H6)	U.S. good exports to recipient country	U.S. Census Bureau
	Political similarity (H7)	Similarity of the political positions of the U.S. and recipient country based on their voting in the United Nations General Assembly each year until 2011 (between 0 and 100; closer to 100 = more agreement)	United Nations General Assembly Voting Data (Strezhnev & Voeten 2013)
	Latin American country (H8)	Dichotomous variable indicating if the country is Latin American	United Nations Statistics Division
	Colonial heritage (H9)	Dichotomous variable indicating whether country was a British, French, German, Spanish, Italian, Belgian, Dutch, or Portuguese colony.	La Porta et al. (1999)
U.S. Foreign Policy (governance)	Democracy (H10)	Combined Polity score of recipient country (ranges from +10 (strongly democratic) to -10 (strongly autocratic))	POLITY IV (2012)
	Human rights (H11)	Index composed of four indicators: torture, extrajudicial killing, political imprisonment, and disappearance (each from 0 (no respect for right) to 2 (total respect) for a total of 8 points)	Cingranelli-Richards (CIRI) Human Rights Dataset

Table 2.2: Operationalization of the variables (continued on next page)

	Political terror (H11)	Yearly report of the levels of political violence and terror that recipient country experiences based on a 5-level terror scale (5 = more terror). Based on U.S. State Department Country Reports on Human Rights Practices.	Political Terror Scale
	Control of corruption (H12)	Perceptions of the extent to which public power is exercised for private gain in recipient country	World Bank Worldwide Governance Indicators
Foundation Interests	NGOs (H13)	Number of international NGOs in recipient country	Union of International Associations (UIA)
	Media (H14)	Count of number of times recipient country is mentioned in the lead of a *New York Times* article in a given calendar year (Jan. 1 to Dec. 31). National, Foreign, and Financial desks.	LexisNexis
Controls	Population	Total recipient country population	World Bank
	Christianity	Percentage of Christians in recipient country	World Religion data (version 1.1)
	U.S. ODA	Gross disbursements of U.S. official development assistance to recipient country	USAID U.S. Official Development Assistance Database
	Multilateral ODA	Net disbursements of multilateral official development assistance to recipient country	OECD

Table 2.2: Operationalization of the variables

In this data set, we can expect that amount in foundation grants (the value on the dependent variable) depends on the "groups" to which these grants belong (i.e., grants are made by a particular foundation to a particular country in a given year). For instance, we

	Mean	St. Dev.	Min	Max
Grants dummy	0.848	0.359	0	1
Grant amounts	9,100,127	26,552,362	0	308,471,432
GDP (M)	94,110	364,737	19	6,046,918
GINI index	0.442	0.093	0.047	0.779
Human development	0.580	0.151	0.208	0.905
% $2/day	0.386	0.281	−0.555	1
% $1.25/day	0.232	0.209	−1.251	1
Conflict	0.156	0.363	0	1
Disaster	0.682	0.466	0	1
U.S. military aid (M)	61	451	−973	6,934
U.S. exports (M)	2,895	13,139	0	166,891
Political similarity	0.240	0.128	0	0.992
Latin America	0.222	0.416	0	1
Ex colony	0.820	0.385	0	1
Democracy	2.830	6.141	−10	10
Physical integrity	4.534	2.157	0	8
Political terror	2.734	1.057	1	5
Control of corruption	−0.456	0.649	−1.923	1.553
Media	51	163	0	3,346
NGOs	940	767	52	3,766
% paved roads	0.471	0.285	−1.039	1
Population	37,097,654	145,948,770	8,795	1,337,704,960
% Christians	0.509	0.318	−2.076	1
U.S. ODA (M)	117	477	−830	12,769
Multilateral ODA (M)	173	255	−542.075	2,041

Table 2.3: Summary statistics after multiple imputation (M = millions)

might expect that grants from the same foundation to two different countries in the same year are going to be more alike than grants from two different foundations to the same country in that same year. In order to control for clustered observations within countries and years (and within foundations in the robustness checks), I estimate multilevel regression models (also known as hierarchical modeling) (Gelman & Hill, 2007). The present study considers foundation grant allocation given recipient country characteristics and country-year characteristics (as well as foundation characteristics in the robustness checks). The multilevel regression model I fit, a two-level random intercepts model, is as follows when all control variables are included:

$$\begin{aligned} log(grant_{it}) = \beta_0 &+ \beta_1 \cdot GDP_{it} + \beta_2 \cdot inequality_{it} + \beta_3 \cdot conflict_{it} \\ &+ \beta_4 \cdot disaster_{it} + \beta_5 \cdot military\_aid_{it} + \beta_6 \cdot trade_{it} \\ &+ \beta_7 \cdot pol\_similarity_{it} + \beta_8 \cdot excolony_i + \beta_9 \cdot Latin\_America_i \\ &+ \beta_{10} \cdot POLITY_{it} + \beta_{11} \cdot human\_rights_{it} + \beta_{12} \cdot corruption_{it} \\ &+ \beta_{13} \cdot media_{it} + \beta_{14} \cdot NGOs_{it} + \beta_{15} \cdot paved\_roads_{it} \\ &+ \beta_{16} \cdot population_{it} + \beta_{17} \cdot Christian_{it} + \beta_{18} \cdot ODA_{it} \\ &+ \beta_{19} \cdot multilateral\_ODA_{it} + w_i + v_t + \epsilon_{it} \end{aligned}$$

$$\begin{aligned} w_i &\sim N(0, \sigma^2_{w0}) \\ v_t &\sim N(0, \sigma^2_{v0}) \\ \epsilon_{it} &\sim N(0, \sigma^2) \end{aligned}$$

The logged amount of grants from all foundations in year t in country i is a function of variables at the country and year levels, and I include random country effects w_i and year

effects v_t. All models are fitted using maximum likelihood in the **lme4** package in the R language and environment for statistical computing (Bates et al., 2014a,b).[6]

To explain the likelihood of receiving a grant, I estimate binomial multilevel models. To explain the amount received (among countries that have received grants), I estimate linear multilevel models.[7] The independent variables are the same for both analyses. Each theoretical explanation is tested separately, then the models are combined. First, I present five models for the "recipient need" variables. Each model tests an alternative measurement of recipient need: income, human development (an index of life expectancy, education, and income), inequality, and two measures of poverty. For "U.S. foreign policy objectives," three models are estimated : model 1 includes the strategic variables (military aid, U.S. exports, political similarity, colonial heritage, and Latin America); model 2 adds the good governance variables (democracy, human rights, and corruption); and model 3 provides an alternative specification of the human rights variable (political terror scale instead of physical integrity scale). I present one model for the "foundation self-interest" explanation. Lastly, I combine all three explanations of grant allocation (recipient country need, U.S. foreign policy objectives, and foundation self-interest), add a variable for capacity, and include interaction terms in the final set of models. Regression tables are available in Appendix A.

---

[6]The approach used here does not allow to account for autocorrelation over time. Inspection of the residuals seems to indicate little to no autocorrelation. I also estimated a regression model with one random effect for year and an autoregressive process of order 1 and the fit was worse than the model without the autoregressive process.

[7]Lauderdale (2012) notes that, when dealing with dollar amounts that are sometimes zero (such as foreign aid, domestic spending, or in this case foundation grants), political scientists turn to a variety of methods, including estimating linear regression models on the raw data, removing the zeros and estimating linear models on logged data, assigning an ad hoc logged value to zeros, estimating tobit models, and estimating selection models. Here, I estimate two separate regressions (1. the decision to grant (dummy), and 2. the grant amount (linear model with logged data)) independently, which can be problematic since the error terms may be correlated. He proposes instead to use a compound poisson-gamma model, since the quantity that we are interested in is the cumulative amount of dollars from a discrete number of grants. In his piece, he presents the package **Eliot** for the R environment (Lauderdale, 2012), which is in the pre-release phase. So far, all of my attempts in using the package have failed so I am currently in contact with him to find the issue.

2.3 Descriptive Statistics

The sample of international foundation grants mentioning ODA-eligible countries includes 49,678 grants by 1,674 foundations, for a grand total of $12.47 billion between 2003 and 2011. From figures 2.2 and 2.3, one can see that the amount of money dedicated to international causes more than doubles between 2005 and 2007, yet the number of grants made remains fairly stable, suggesting that grants increased in size during that period. Then, during the 2007 to 2009 period, the opposite pattern can be observed: the amount of money remains fairly stable, decreasing slightly during the financial crisis, while the number of grants increases substantially. Both the number and amount of international grants reach a peak in 2010, followed by a sharp decline in 2011. The dollar value of grants drops to 62% of its 2010 level and the number of grants plummets to barely half of the 2010 level.

The figures discussed above, because they focus on overall spending, may be missing some underlying spending patterns. Yearly maps of per capita foundation spending disaggregated by country (South, 2011) appear in Appendix A. Examining the foundation grant maps in chronological order, especially in Africa, the year-to-year spending "progression" does not appear systematic, which is to be expected since we are dealing with thousands of foundations that do not coordinate their grantmaking objectives with each other.

2.4 Regression Analyses

2.4.1 Explaining the likelihood of receiving any grant (country-year data)

Are the determinants of foreign assistance discussed in the literature associated with a country's likelihood of receiving foundation grants? Because the variables are calculated in their own units of measurement, it is difficult to assess their substantive effect based on regression coefficients alone.[8] Instead, I present the results of counterfactual simulations. The strategy

[8]Traditional regression tables are available in Appendix A.

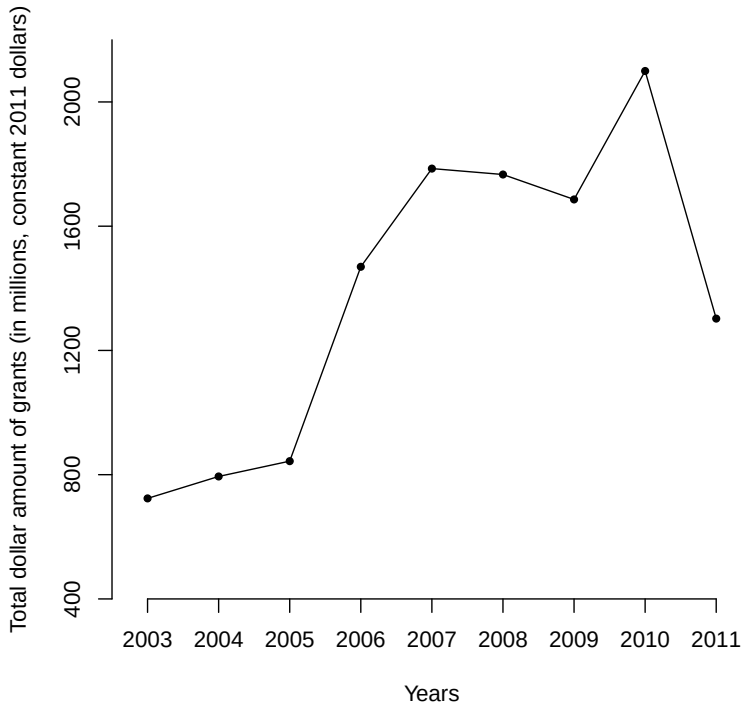

Figure 2.2: Amount of international foundation grants mentioning ODA-eligible countries by year

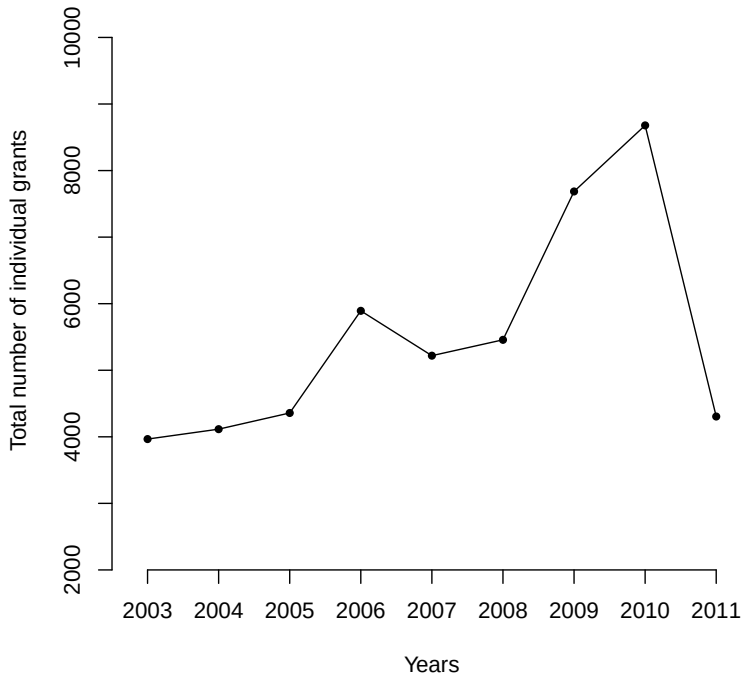

Figure 2.3: Number of international foundation grants mentioning ODA-eligible countries by year

is to employ the regression models to predict the probability of receiving grants based on certain specific determinants. For instance, what would be the predicted difference in the probability of receiving a grant between a country with an average GDP (all else equal) and a country with a GDP one standard deviation above the mean (all else equal)?

Figure 2.4 provides a graphical display of the results of nineteen scenarios, each involving one of our key variables of interest, based on the full model (combination of all three explanations and capacity - model 3 in table A.5). The points in figure 2.4 represent the expected change in the probability of receiving grants as the variable on the left increases from its mean value to one standard deviation above the mean (or to "1" in the case of dichotomous variables), holding other variables constant at their mean. Lines around each point represent 90 per cent confidence intervals. Each variable for which the confidence intervals do not cross the "0" line (no change in probability, red line on the figure) is statistically significant. How far each variable is from that "0" line shows its substantive effect.

On average in this dataset, the probability of a country receiving any grants from American foundations in a given year is 84.8%. As noted above, the "recipient need" explanation holds that foundations are driven by a sense of compassion and a desire to solve important global problems and, as such, should be more likely to make a grant in countries where the population is most vulnerable and most in need of help. Among the variables associated with recipient country need, GDP (income), the presence of a conflict, and the presence of a natural disaster are not statistically significant. Only income inequality is significant, but it is in the direction opposite to that expected. Holding other variables constant at their mean, increasing the GINI index from its mean (44.3/100) to one standard deviation above the mean (53.4/100) is associated with an expected decrease of 1.2% in the probability of receiving a grant. More unequal countries are less likely to receive foundation grants, not more likely as one would have expected based on the theory.

The "U.S. foreign policy objectives" explanation states that foundations will make grants

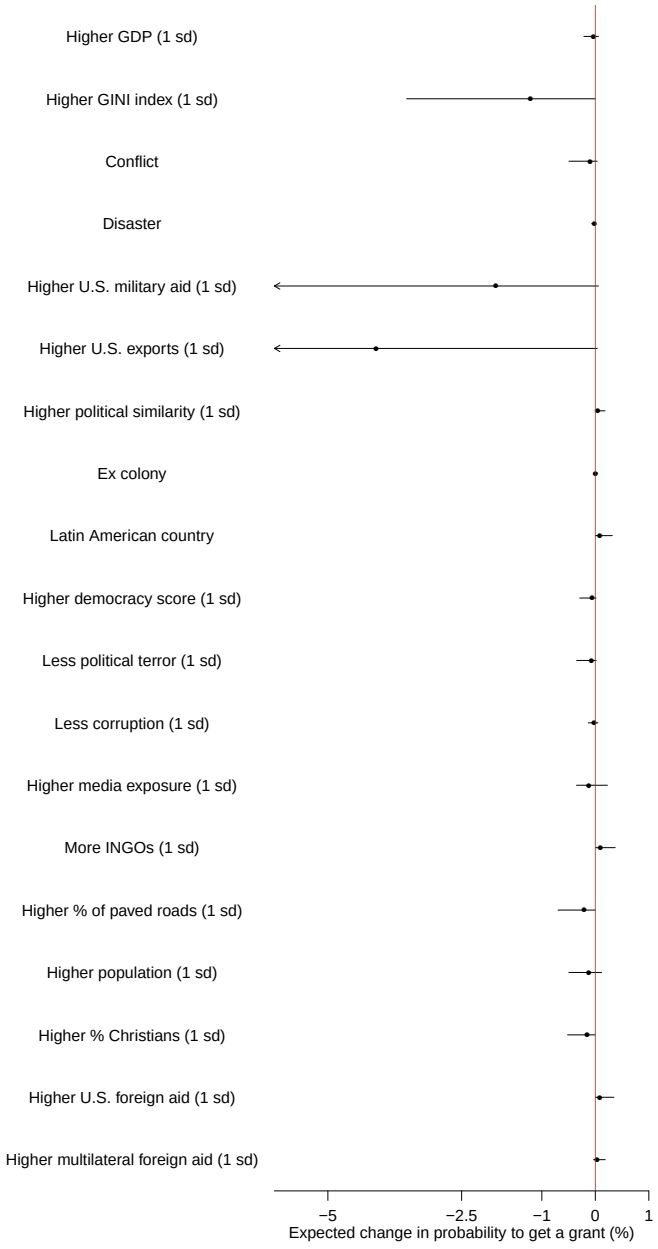

Figure 2.4: Graphical display of full model. Results from the binomial multilevel specification are shown. Lines represent 90% confidence intervals.

in line with 1) U.S. strategic interests, and 2) the American agenda to push for better governance abroad. If foundations are, as critics argue, tools of the elite attempting to protect U.S. hegemony, they should be more likely to make grants to specific groups of countries: U.S. military allies, trade partners, countries with similar foreign policy preferences, and Latin American countries. They should also be less likely to make grants to former European colonies. Figure 2.4 shows that receiving U.S. military aid, being a U.S. export recipient and being a former European colony do not affect a country's probability of receiving foundation grants significantly. For instance, increasing military aid from $59.8 million (the mean) to $512 million (one standard deviation above the mean) decreases the likelihood of receiving a grant by 1.9%, but the 90% confidence interval is from -9% to +0.06%, which means that this result is not statistically different from zero. Being politically similar to the United States and being a Latin American country, on the other hand, are statistically significant. Foundations tend to be more likely to give grants to countries that agree with the United States more frequently at the UN General Assembly. However, the effect is quite small substantively. Indeed, increasing political agreement by one standard deviation above the mean (from 24% to 37%) increases the likelihood of receiving grants by 0.05%. The effect of being located in Latin America, in the sphere of influence of the United States, is also quite small substantively. Compared to the "ideal" average country (i.e., average on all variables), a Latin American country, all else equal, is 0.08% more likely to receive grants.

Turning to the good governance side of the "U.S. foreign policy objectives" explanation, one would expect that foundations, like governments, would withhold grants to countries with autocratic leaders, leaders who torture and imprison their population, and/or corrupt leaders in an attempt to create an incentive for these "bad" leaders to change their behavior. Based on the results from figure 2.4, this theoretical explanation is not supported empirically. None of the three variables tested here (level of democracy, level of political terror, and control of corruption) are statistically significant and they are all in the wrong direction.

Foundations could also allocate their grants based on their self-interest, choosing locations where more NGOs operate (to facilitate project implementation) and locations that receive more attention in the U.S. media (to boost their profile). Figure 2.4 shows that the number of international NGOs operating in a given country is a statistically significant predictor of the likelihood of receiving foundation grants, but its substantive effect is again very small. Holding other variables constant at their mean, increasing the number of NGOs from its mean (941) to one standard deviation above the mean (1,710) is associated with an expected increase of 0.1% in the probability of receiving grants. On the other hand, the other indicator associated with foundation self-interest, U.S. media attention, is not statistically or substantively significant. Overall *New York Times* attention to a country does not appear to have an effect on grants.

Among control variables, capacity (proxied by the percentage of paved roads in a given country in a given year) has a statistically significant negative effect on the likelihood to get grants. This finding is surprising insofar as I expected that foundations would focus their funding on countries that need help but have some infrastructure in place in order to maximize grantmaking impact, which does not appear to be the case. On the other hand, this finding may indicate that foundations focus their grantmaking on countries that need them the most - countries that lack capacity and infrastructure. Based on the regression estimates, increasing the percentage of paved roads from 48.3% to 76.5% (one standard deviation) leads to a predicted 0.2% decrease in the probability of receiving grants. The percentage of Christians in a country and U.S. ODA are also statistically significant predictors of grants. Increasing the percentage of Christians in an otherwise average country by one standard deviation decreases the predicted likelihood of receiving grants by 0.16% while increasing the amount of U.S. foreign aid by one standard deviation, all else equal, increases the likelihood by 0.08%. Christianity is used here as a proxy for cultural similarity, whereby U.S. donors were expected to choose to support fellow Christians. However, the relationship between

religion and grants is in the opposite direction. The positive relationship between receiving U.S. ODA and then receiving foundation grants seems to indicate a supplemental role for foundations, supplying private funds on top of USAID assistance when such assistance is insufficient.

In sum, all three explanations of foreign aid partially explain whether a given country will receive foundation grants or not in a given year. Income inequality, an indicator of recipient country need, has the largest effect on the probability of receiving a grant, but it is in an unexpected direction. More equal countries are more likely to receive a grant based on these estimates. Political similarity to the United States and being a Latin American country, both indicators of U.S. foreign policy interests, increase the likelihood of receiving grants, as expected. Finally, a greater number of NGOs on the ground, an indicator of foundation self-interest, also increases the likelihood of receiving grants, as expected. Foundations appear to consider various factors when determining where to make grants.

2.4.2 Explaining amounts of grants among grant recipients (country-year data)

Are the same foreign aid determinants associated with both a country's likelihood of receiving foundation grants and the amount of grants the country receives? As in the previous section, I present the results of counterfactual simulations based on regression estimates.[9] Here, however, I estimate linear multilevel regressions since the dependent variable is the total dollar amount of grants from all foundations to a given country in a given year (logged).

As above, figure 2.5 provides a graphical display of the results of nineteen scenarios, each involving one of our key variables of interest, based on the full model (combination of all three explanations and capacity - model 3 in table A.9). The points in figure 2.5 represent the expected dollar difference from the mean overall grant value (in this case $10,729,877) as the variable on the left increases from its mean value to one standard deviation above

[9]Traditional regression tables are also available in Appendix A.

the mean (or to "1" in the case of dichotomous variables), holding other variables constant at their mean. Lines around each point represent 90 per cent confidence intervals. Each variable for which the confidence intervals do not cross the "0" line (no dollar difference, red line on the figure) is statistically significant. How far each variable is from that "0" line shows its substantive effect.

Two of the three variables associated with the recipient country need explanation, presence of a conflict and presence of a disaster, are not statistically significant. The third, GDP, is negative and statistically significant, as expected. Countries with lower incomes receive more grant dollars. Holding other variables constant at their mean, increasing GDP from its mean (109,760 million) to one standard deviation above the mean (503,797 million) is associated with an expected decrease of approximately $431,000 in grants (or about 4%).

As far as U.S. foreign policy objectives are concerned, only one of the strategic interest variables, military aid, is statistically significant while U.S. exports, political similarity, and dichotomous variables for former European colonies and Latin America are not. One of the good governance variables, democracy, is also significant while respect for human rights and control of corruption are not. Keeping everything else equal, increasing military aid by one standard deviation and a country's POLITY score by one standard deviation increase predicted grant dollars by $141,000 and $231,000 respectively.

As was the case in the previous set of regressions, the number of international NGOs operating in a given country is positively associated with grant amounts, lending support to the foundation self-interest explanation. Holding other variables constant at their mean, increasing the number of NGOs from its mean (1,054) to one standard deviation above the mean (1,832) is associated with an expected increase of approximately $960,000 in grants (or almost 9%). *New York Times* attention to a country does not appear to have an effect on grants.

In terms of control variables, the percentage of paved roads (proxy for capacity) is once

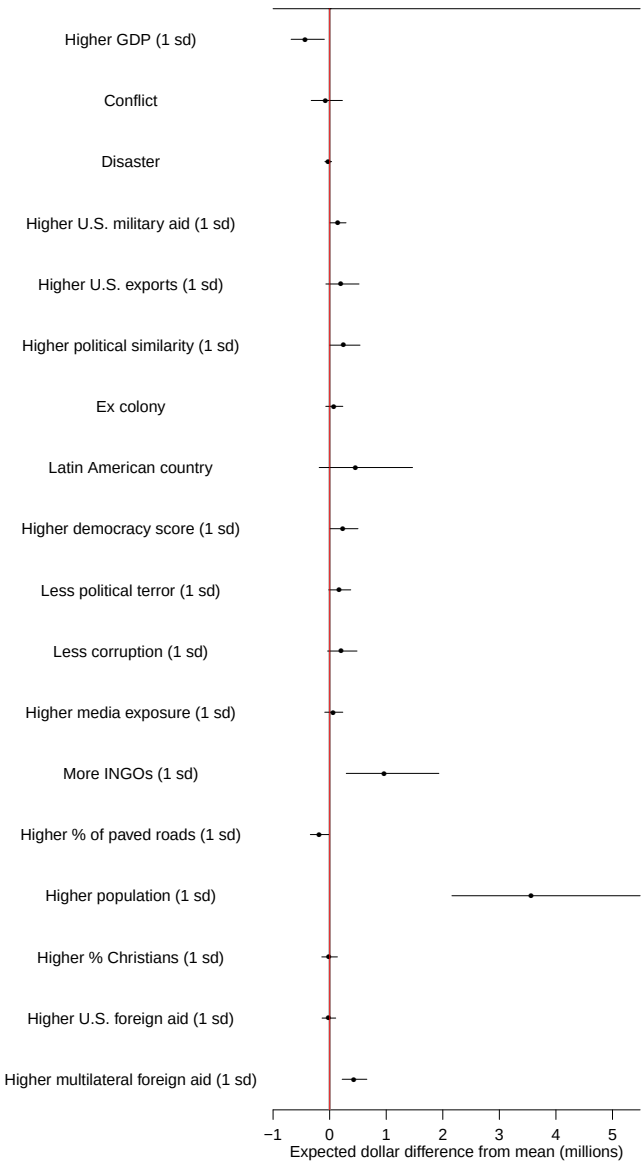

Figure 2.5: Graphical display of full model. Results from the linear multilevel specification are shown. Lines represent 90% confidence intervals.

again negative and statistically significant. Countries with more paved roads receive fewer grant dollars: all else equal, moving from 45.3% to 72.9% of paved roads leads to a predicted loss of about $186,000 in grants. Population, which was not important in the previous set of regressions, is a statistically significant and highly substantively significant predictor of grant dollars. An increase of one standard deviation in population (from 43 million to 201 million) is associated with a 33% increase in grant dollars, holding other variables constant at their mean. There is no relationship between the percentage of Christians inhabitants in a country and the grant dollars it receives. Regarding ODA, U.S. disbursements are not statistically significant, but multilateral disbursements are. Higher multilateral ODA is associated with more grant dollars: an increase of one standard deviation in ODA leads to an increase of approximately $428,000 in grants. This finding strengthens the recipient need explanation because it has been argued (see Maizels & Nissanke, 1984) that mutilateral ODA tends to focus more on recipient need than bilateral aid does.

In summary, only two variables are statistically significant for both the likelihood of receiving grants and the amount of grant dollars received: number of NGOs and percentage of paved roads. Despite this lack of overlap across the two sets of regression, we can see that all three foreign aid explanations are once again partially supported by the evidence. Low income countries receive more grants, which supports the recipient need explanation. U.S. military allies and democracies also receive more grants, which is consistent with the U.S. foreign policy objectives explanation. And finally, countries in which more INGOs operate receive more grants, in line with the foundation self-interest explanation.

2.5 Robustness Checks

2.5.1 Explaining amounts of grants among grant recipients (foundation-country-year data)

For the analyses above, I aggregated the foundation grant data by country-year (e.g. all grants to Afghanistan in 2003 would count as one observation). However, I thought there

may be some added value to disaggregating the data as it would allow me to also add foundation characteristics to the multilevel models. Therefore, I reworked the data to obtain foundation-country-year observations instead (e.g. all grants by the Bill and Melinda Gates foundation to Afghanistan in 2003 would count as one observation). There are a total of 1459 foundations in the sample. The models were kept as in the above regressions, with the addition of dichotomous indicators for type of foundation (community, corporate, family and independent), foundation founding year, and foundation total giving (to proxy for size) as well as a random foundation effect. Foundation founding year indicates how established a foundation is. Well-established foundations may be more likely to give internationally than newer foundations for two reasons: 1) they are likely to be more professionalized, and thus may have more capacity and expertise to deal with complex U.S. regulations (and receiving country regulations) regarding foreign grants; and 2) they may have given in those countries in the past, which means that they may already have contacts in those countries and may know more about customs and practices. Foundation size is likely to be important because we should expect foundations with larger total giving to make grants that are larger in absolute terms (much like we expect more populated countries to get larger grants, larger foundations should make larger grants). To summarize, the logged amount of grants from foundation i in country-year j in country k is a function of variables at the foundation, country and country-year levels, and I include random country effects $w_{0,k}$, country-year effects $v_{0,j,k}$, and foundation effects $u_{0,i}$.

As above, figure 2.6 provides a graphical display of the results of scenarios, each involving one of our key variables of interest, based on the full model (combination of all three explanations, capacity, and foundation characteristics - model 3 in table A.13). There are twenty-four scenarios instead of nineteen to account for the foundation characteristics of interest. The points in figure 2.6 represent the expected dollar difference from the mean single-foundation grant value (in this case $860,831.50) as the variable on the left increases

from its mean value to one standard deviation above the mean (or to "1" in the case of dichotomous variables), holding other variables constant at their mean. Lines around each point represent 90 per cent confidence intervals. Each variable for which the confidence intervals do not cross the "0" line (no dollar difference, red line on the figure) is statistically significant. How far each variable is from that "0" line shows its substantive effect. Grey lines had been added at the -10,000 and +10,000 lines to facilitate reading of the graph.

As opposed to the country-year data, U.S. military aid, democracy, and multilateral aid are not statistically significant when the data are disaggregated by foundation. Despite military aid losing significance, the U.S. foreign policy objectives explanation receives more support than in the previous models. However, only strategic interest indicators (not good governance indicators) receive empirical support. Why are we seeing this difference? One possible explanation is that the results for the aggregated data may have been driven by very large foundations (or possibly by clusters of smaller foundations giving in a similar way). So this implies that the very large foundations "care" more about good governance while smaller foundation giving on average seems to be influenced more by foreign policy indicators.

In terms of strategic interests, trade with the United States, political similarity (the yearly similarity of positions between Country X and the United States in United Nations General Assembly votes), Latin American countries, and former European colonies are all statistically significant. Holding other variables constant at their mean, increasing U.S. exports from its mean (13,919 million) to one standard deviation above the mean (46,960 million) is associated with an expected increase of approximately $12,997 in grants (or about 1.5%). This is consistent with the hypothesis that trade partners should receive more grant dollars. As expected, being a former European colony is also associated with fewer dollars from American foundations (almost $2,000 less). The effects of political similarity and Latin America, on the other hand, are somewhat puzzling since the direction of the relationships is contrary to expectations. Indeed, a one standard deviation increase above the mean of

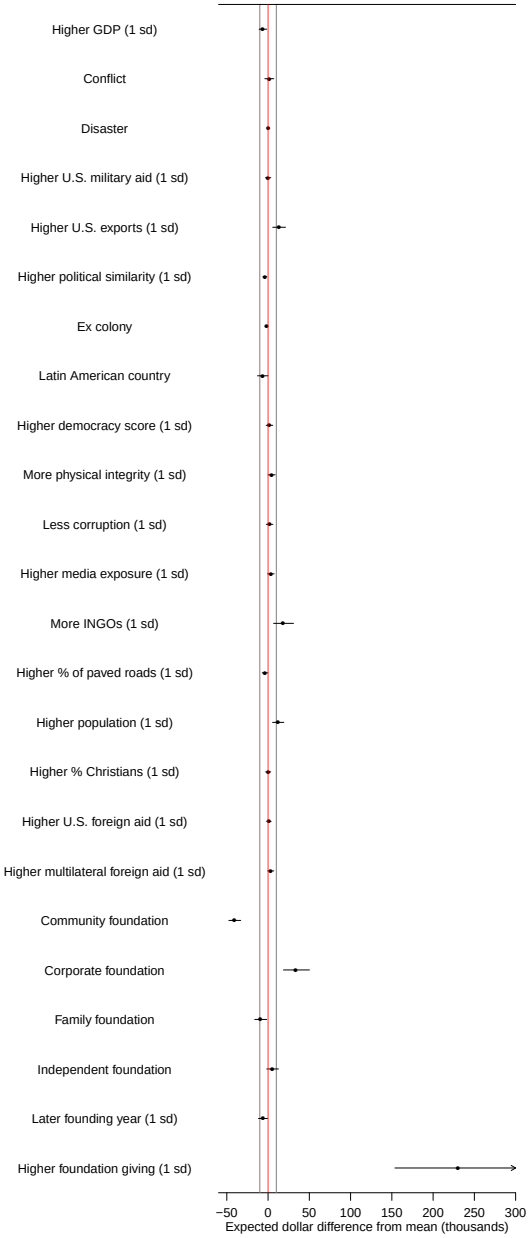

Figure 2.6: Graphical display of full model (including foundation characteristics). Results from the linear multilevel specification are shown. Lines represent 90% confidence intervals.

political similarity (from 22% agreement to 30%) is associated with a decrease of about $3,900 in foundation dollars. Foundations tend to give more grants to countries that disagree more frequently with the United States at the UN General Assembly. In the 2000s, votes at the United Nations have tended to separate the United States and its allies (especially Israel) from others (Voeten, 2012). Voeten (2012) notes that the remaining communist states as well as Afghanistan, India, Iran, Iraq, Libya, Myanmar, Pakistan, Sudan, and Syria tend to be particularly opposed to the United States. It is possible that American foundations are making grants in these particular countries for other reasons. This explanation would also be consistent with my finding on Latin America. Latin American countries receive almost $6,700 less than other countries.

In terms of good governance, none of the indicators, be it democracy, respect for human rights, or control of corruption, are statistically significant predictors of grant dollars. Similarly to the regressions on country-year data, controls for population and percentage of paved roads (the indicator for capacity) are statistically significant (positive and negative respectively). No other control is statistically significant, including the indicator for multilateral ODA, which was significant for grant amount above. In terms of foundation characteristics, unsurprisingly, foundations that give more overall (i.e. bigger foundations) and older foundations give more by country-year. Dummies for community, corporate, and family foundations are also statistically significant (the reference category is operating foundation).

In sum, when disaggregating the original data further and adding foundation characteristics to the models, recipient need (through GDP) and foundation self-interest (through number of NGOs) explanations maintain their empirical support, and indicators for U.S. foreign policy objectives actually gain much empirical support. However, only indicators for strategic interests are statistically and substantively significant (as opposed to good governance indicators). Many indicators of foundation characteristics are also significant, including dichotomous variables for community, corporate, and family foundations. Because

of these results, I elected to re-estimate the original regressions (country-year data) for the different types of foundations separately. The following section shows the results.

2.5.2 Explaining amounts of grants by foundation type (country-year data)

It seems fair to assume that different types of foundations may focus on different factors when making grants. For instance, I would expect that, because community foundations rely on donations from the public, they would be more sensitive to what the public sees in the news (i.e. media visibility) than other foundations. Corporate foundations, on the other hand, may be more sensitive to economic factors, choosing to send more grant dollars to countries that have good trade relations with the United States and that are less corrupt. Family foundations in general do not have staff that can identify the most deserving areas for their funds, so they might take cues from governmental foreign aid to guide their grantmaking.

In this sample, there are 107 community foundations, 228 corporate foundations, 354 family foundations, and 730 independent foundations (total of 1,459 foundations). Over the 2003-2011 time period, they respectively gave $122,198,197, $775,047,674, $5,517,624,719 and $5,120,942,949 in international grants. Community foundations "diversified" the least, making grants in about 38% of country-years, while independent foundations made grants to the largest array of country-years at 70%. Figures 2.7 to 2.14 illustrate the predicted effect of each of our variables of interest on the likelihood of receiving any grant and on grant amounts (for those that received grants), separately for each type of foundation. I will not discuss all regressions in detail here, but will provide some key highlights.

Community foundations appear to consider recipient need, U.S. foreign policy objectives, and their own self-interest when deciding where to make grants. Low-income countries, trade partners, Latin American countries, and countries that appear more frequently in the U.S. media are all more likely to receive community foundation grants (as are more populous countries). Interestingly, countries that receive more U.S. foreign aid are less likely to receive

community foundation grants (an increase of one standard deviation above the mean leads to a 5% decrease in the likelihood of a grant), which may indicate that community foundations are trying to complement foreign aid efforts. When it comes to deciding the actual dollar amounts of grants however, only multilateral ODA and indicators associated with the U.S. foreign policy objectives explanation (trade partners, political similarity, and Latin America) appear to matter.

A different set of indicators seems to motivate corporate foundations when choosing grant recipients. First, GDP is significant, but in the wrong direction. Countries with higher incomes are more likely to receive corporate grants. One possible explanation is that corporate foundations make grants in areas where markets are more developed for business purposes, which leads them to favor middle- to high-income countries over low-income countries. They also favor Latin American countries, countries where more international NGOs are located, and countries that receive more multilateral ODA (the latter two also influence grant amounts positively and substantively). Perhaps unsurprisingly, among countries that receive grants from corporate foundations, U.S. trade partners and more democratic regimes tend to receive larger amounts. Military allies, former European colonies, and countries that disagree more frequently with the United States in UN votes also tend to receive larger amounts, but the effects of these indicators are not as large. Based on these results, recipient country need is not a key motivation of corporate foundations, either in choosing recipients or in determining grant amounts.

For family foundations, all three theoretical explanations seem to play a role in choosing grant recipients (and in allocating funds). Low-income countries, countries politically similar to the United States, Latin American countries, mediatized countries and countries with more NGOs are all more likely to receive family foundation grants. Former European colonies are also more likely to receive grants, contrary to my hypothesis. There is quite a bit of overlap between these factors and factors that influence the size of grants for family foundations.

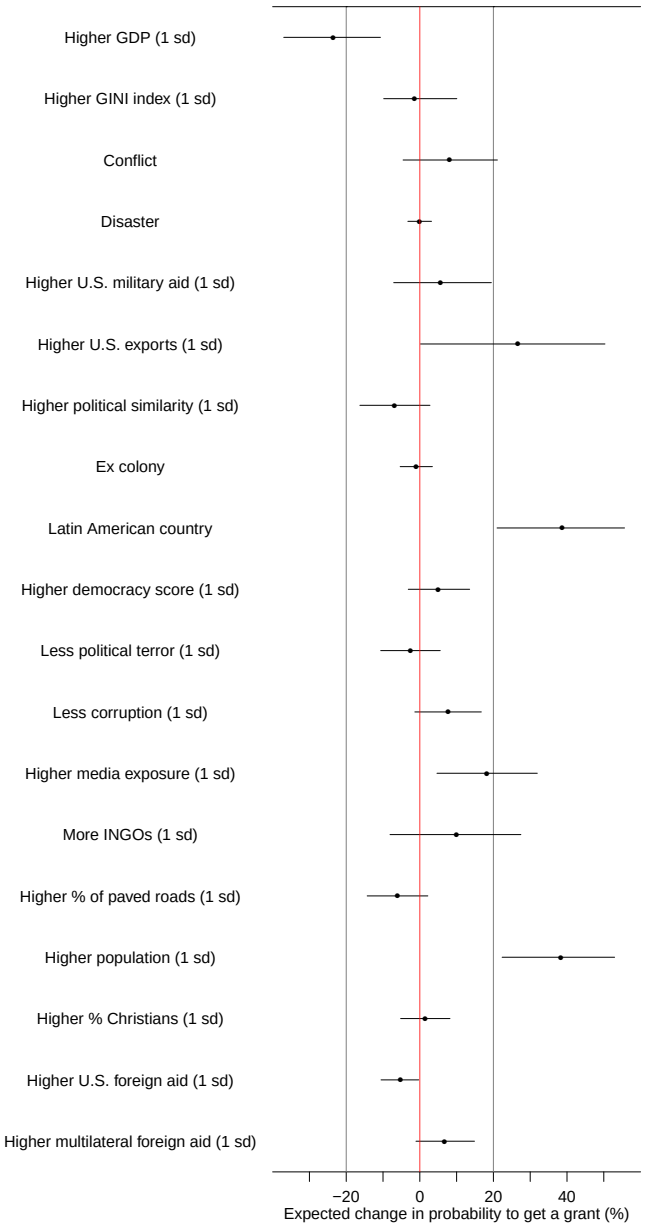

Figure 2.7: Graphical display of full model for community foundations. Results from the binomial multilevel specification are shown. Lines represent 90% confidence intervals.

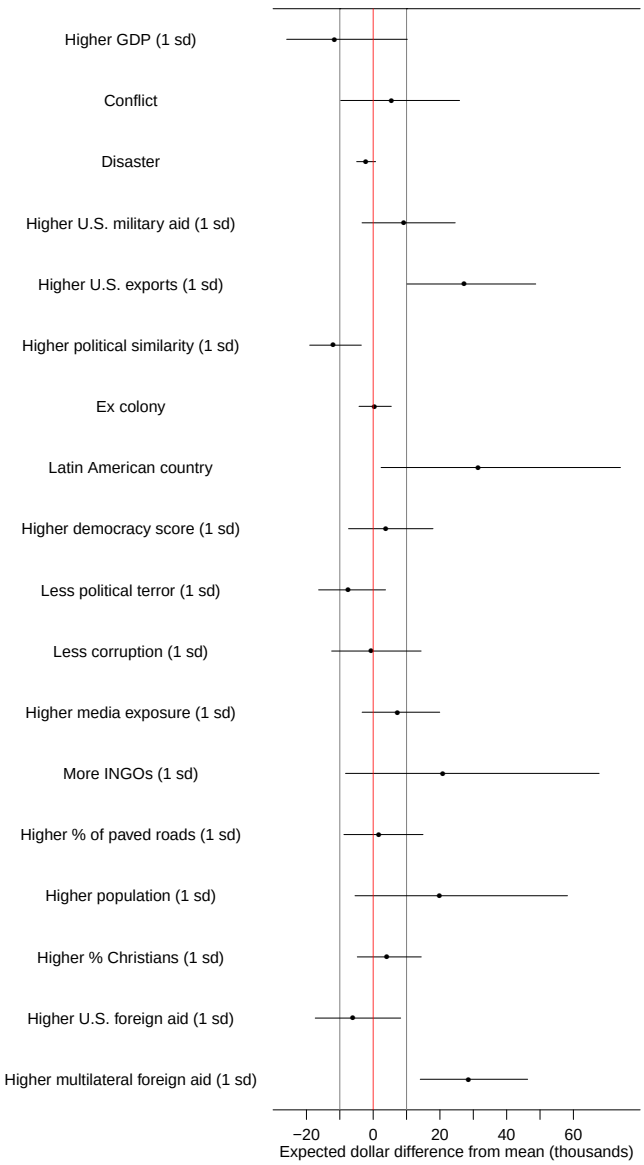

Figure 2.8: Graphical display of full model for community foundations. Results from the linear multilevel specification are shown. Lines represent 90% confidence intervals.

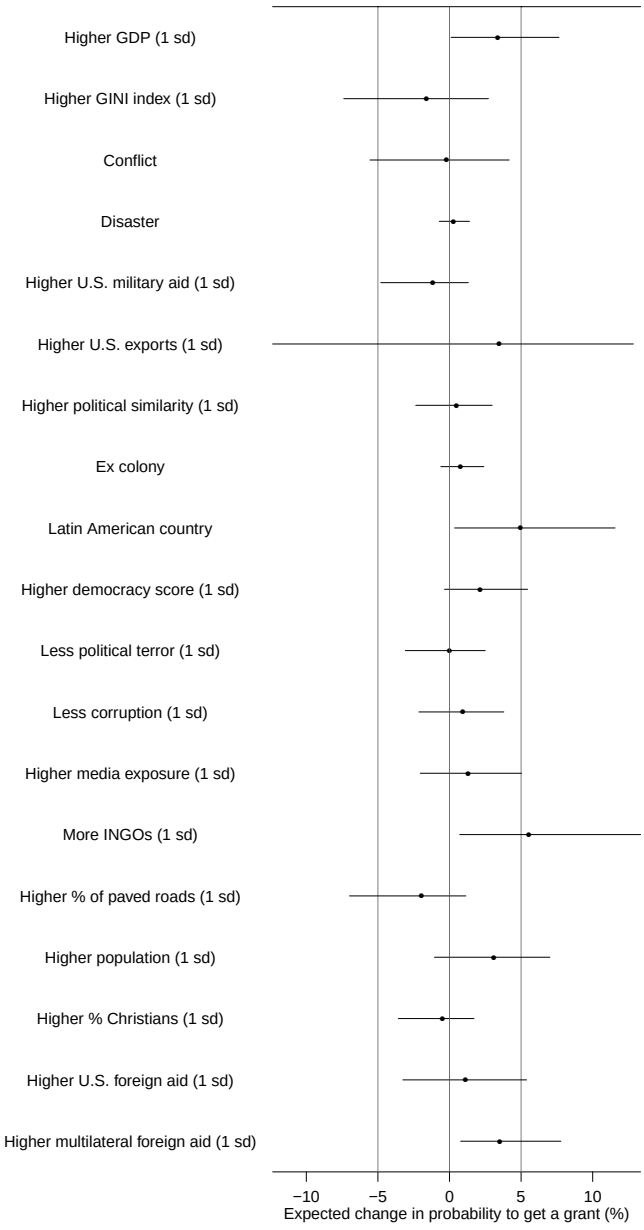

Figure 2.9: Graphical display of full model for corporate foundations. Results from the binomial multilevel specification are shown. Lines represent 90% confidence intervals.

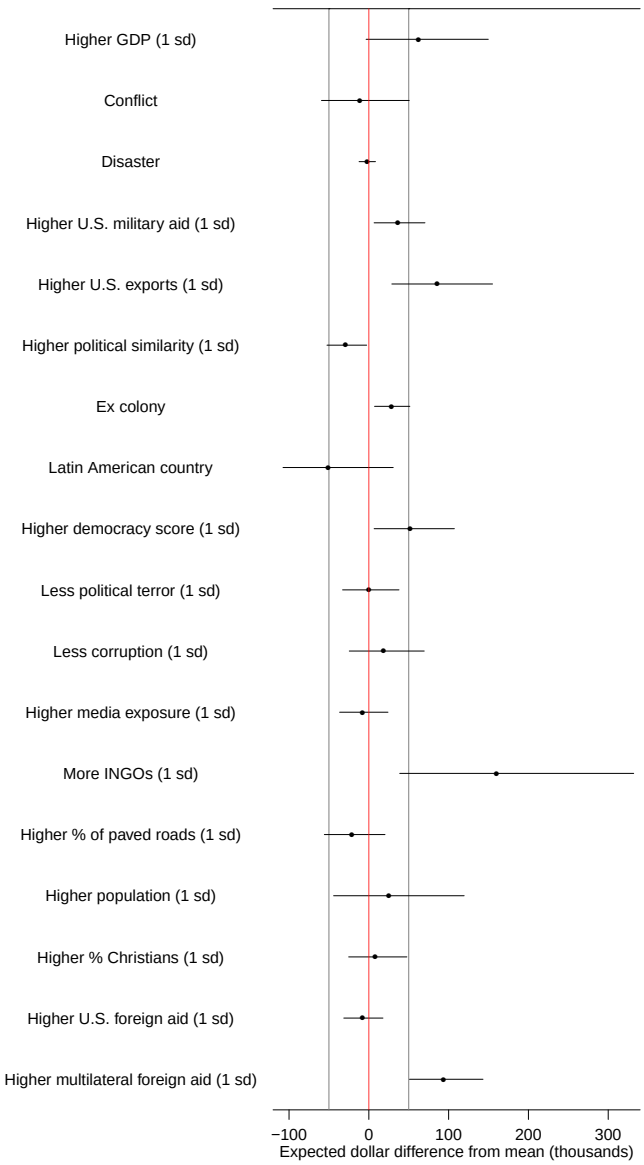

Figure 2.10: Graphical display of full model for corporate foundations. Results from the linear multilevel specification are shown. Lines represent 90% confidence intervals.

Political similarity, colonial heritage, NGO presence, capacity (paved roads) and population all have a statistically significant impact on grant dollars as well (and in the same direction). Income and media attention do not have a significant influence, but conflict and multilateral ODA both impact grant amounts positively.

The recipient need explanation receives mixed support among independent foundations. Low-income countries are more likely to receive grants (as expected), but reductions in income inequality and natural disasters both result in a lower likelihood of receiving a grant (contrary to expectations). Countries that are politically similar to the United States, Latin American countries, countries with a greater NGO presence, and more populous countries are also more likely to receive independent foundation grants. In terms of grant size, military allies, democracies, less corrupt countries, and countries with more NGOs all receive larger grants, as do more populous countries. Interestingly, receiving U.S. foreign aid influences grants negatively while receiving multilateral foreign aid affects grants positively, almost canceling each other.

In sum, this section demonstrates that, although grants from most types of foundations are consistent with all three theoretical explanations proposed in this chapter (the notable exception being corporate foundations and recipient need), there is still great variability in the specific indicators that influence each type and their substantive effect.

2.6 Conclusion

Foundations have long been criticized as instruments of the elites, using private wealth to support the national interest of the United States. This paper uses the foreign aid literature to develop three theoretical explanations of international grant allocation by foundations. Foundations may allocate grants based on recipient country need (by favoring countries with low living standards or suffering from humanitarian emergencies), U.S. foreign policy objectives (by favoring military, trade, and political allies, countries within the U.S. sphere

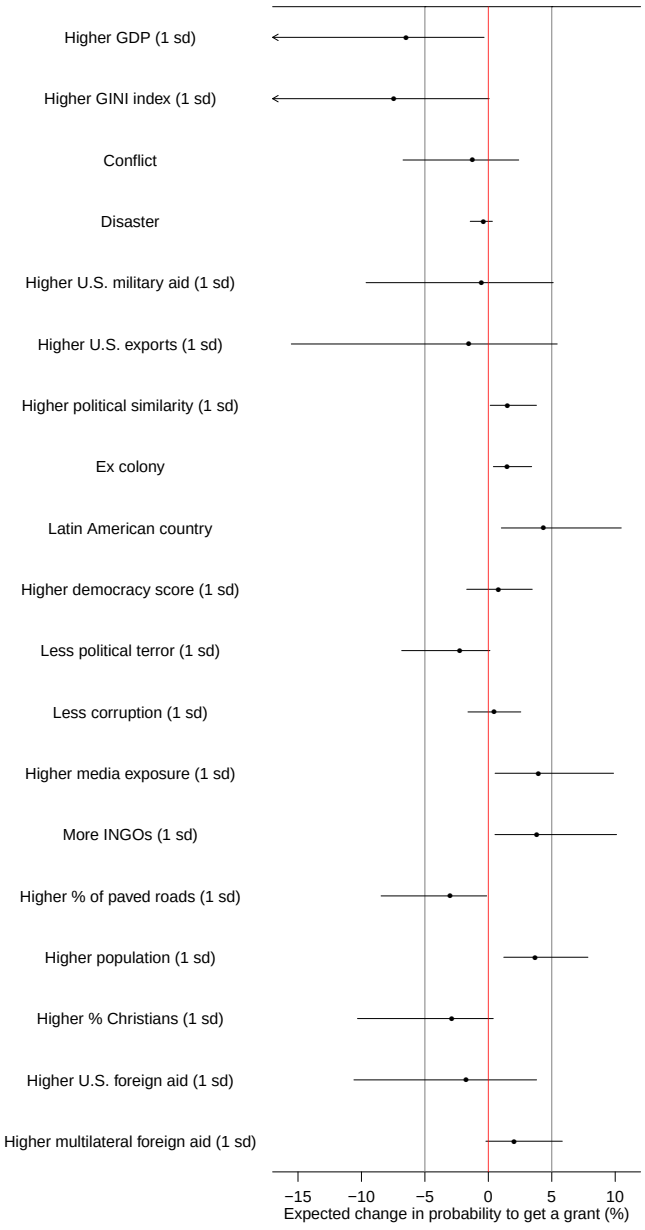

Figure 2.11: Graphical display of full model for family foundations. Results from the binomial multilevel specification are shown. Lines represent 90% confidence intervals.

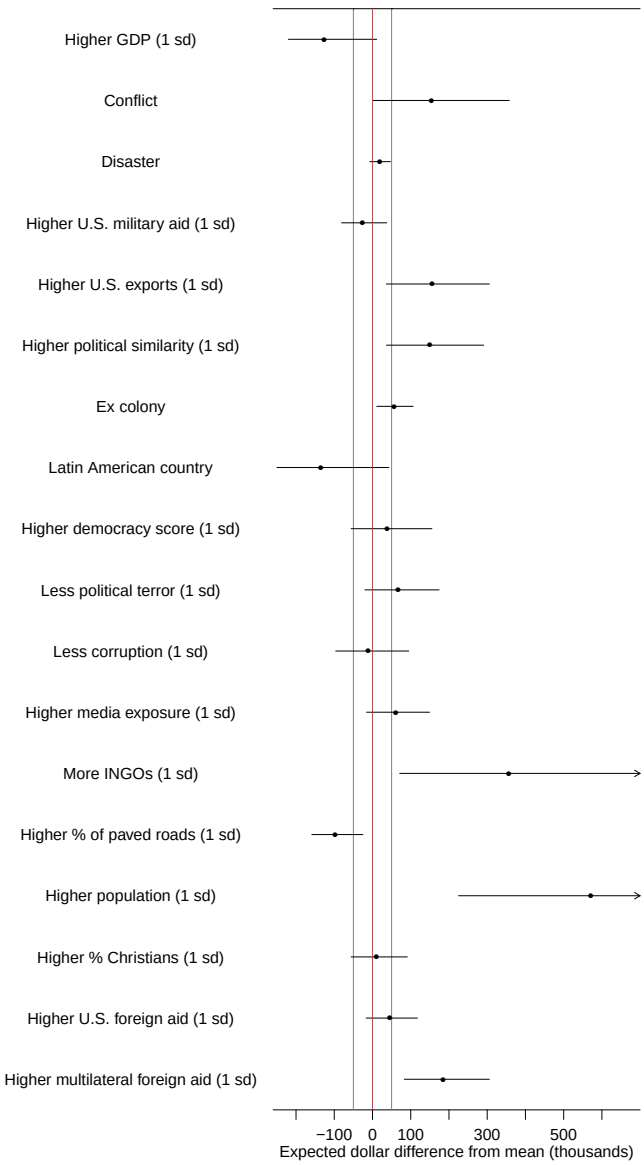

Figure 2.12: Graphical display of full model for family foundations. Results from the linear multilevel specification are shown. Lines represent 90% confidence intervals.

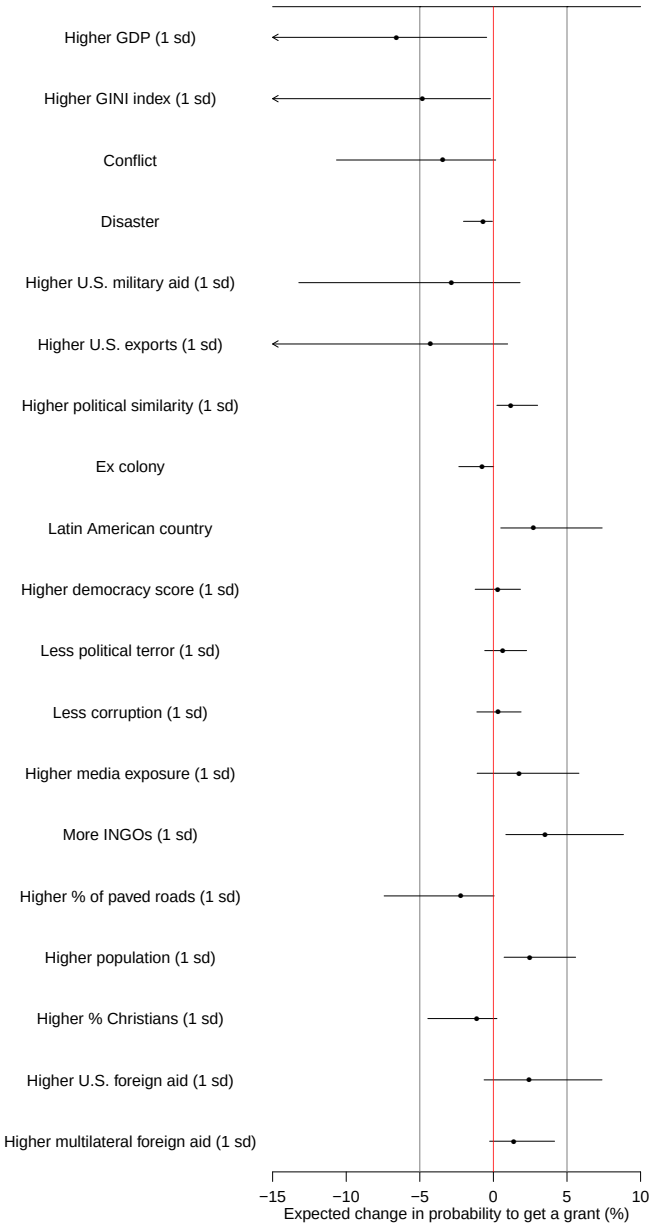

Figure 2.13: Graphical display of full model for independent foundations. Results from the binomial multilevel specification are shown. Lines represent 90% confidence intervals.

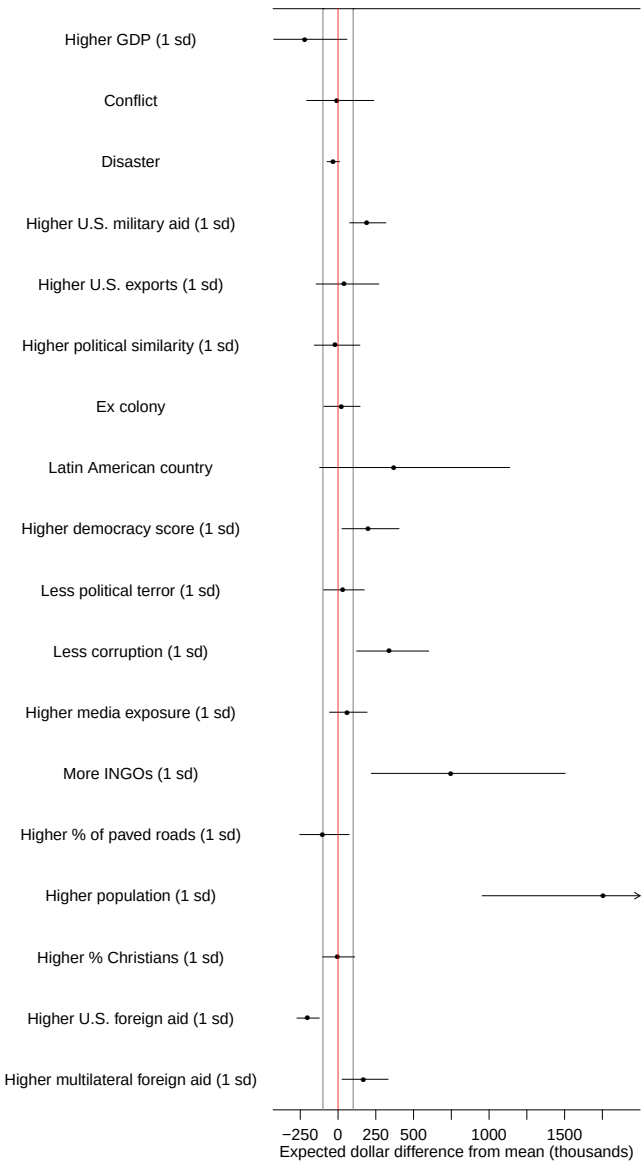

Figure 2.14: Graphical display of full model for independent foundations. Results from the linear multilevel specification are shown. Lines represent 90% confidence intervals.

of influence, and by eschewing human rights violators and countries with corrupt governments), and/or foundation self-interest (by favoring countries with high visibility in the U.S. media and high numbers of international NGOs). Overall, all three theoretical explanations presented in this paper receive at least some empirical support, in pooled regressions, when disaggregating the data by foundation-country-year, and in regressions for each type of foundations.

This brings us back to the original question presented in this chapter: do foundations necessarily serve the neediest populations? The answer appears to be "no." Fundamentally, aid, be it public or private, is supposed to be a mechanism of global redistribution. Healthy debates have surrounded the effectiveness of foreign aid by states, notably between William Easterly and Jeffrey Sachs. While Sachs (2006) argues that a "big push" in foreign aid could move developing countries out of their "poverty trap," Easterly (2006) argues for piecemeal approach focusing on small, locally driven projects. I am not arguing that the data that I presented above is sufficient to assess the effectiveness of international foundation grants. We would need extensive field research to determine whether these grants were well used on the ground. Yet, the mere fact that grants are not allocated in an optimal way to serve the neediest (and that U.S. foreign policy is a significant factor in their allocation) already suggests that they may not be as effective as we think they are or as we want them to be. In sum, these findings lead me to conclude that we need to have more of the same kinds of debates around private aid as we do for public aid. Foundation money may be private money, but it is inherently used to further public purposes.

The fact that the foreign policy objectives indicators received quite a bit of support here should lead us to question the state-nonstate dichotomy that we often draw in nonprofit research. Academic research has shown that nonprofits sometimes follow state interests because they depend on them for funding and survival. But foundations do not depend on the state for their survival and still appear to follow state interests to some extent. Foundations

are part of the societal structure, they are constrained by their state environment. So it seems right to question their level of independence from the state and whether that independence matters.

One limitation of this piece is that many of the variables used to proxy for recipient country need are incomplete and include large numbers of missing observations. Multiple imputation allows us to alleviate this issue, but better recipient country need indicators may in the future produce different results. Data from the Foundation Center's *Foundation Directory Online* is also incomplete, focusing only on some of the largest foundations in the United States. As such, it cannot give us a full picture of the international grantmaking landscape in the U.S. but it gives us a good starting point in studying grantmaking patterns and, hopefully, in developing a coherent theory of foundation grantmaking.

Chapter 3

INTERNAL DETERMINANTS

Having examined country-level determinants of foundation grantmaking, this chapter moves on to studying the influence of specific foundation characteristics on their grantmaking decisions. A common saying in the nonprofit world is that "when you have seen one foundation, you have seen only one foundation." Because of the supposed idiosyncrasies of foundations, there is a dearth of theoretically-informed research on the grantmaking process, which remains a black box for scholars and grantees alike (Diaz, 1999; Faulk et al., 2012). Yet, I argue that a systematic study of grantmaking is plausible. Not all firms are the same. Not all governments are the same. But some generalizable trends still exist in these institutions. The same should be true of foundations. Foundations are organizations comprised of people (employees or volunteers) who ultimately follow relatively similar screening and evaluation processes (read applications, rank them, discuss them with a committee, select winners, and get approval from the board of trustees) in the pursuit of a similar goal (give money to projects that contribute to some "good cause"). I propose to use common categorizations of foundations to develop hypotheses about foundation grantmaking. What internal factors influence grantmaking decisions? I argue that the type of foundation (family, independent, corporate or community) and its size affect the decision-making process systematically. Next, I provide a brief review of the literature on foundation grantmaking, present my research propositions, research design, and results.

3.1 Explaining Foundation Grantmaking

As I noted previously, the foreign aid literature seeks to explain aid flows based on both donor and recipient characteristics. Yet, the foundation grants literature focuses predominantly on grantee characteristics and grant proposal characteristics (as well as grantee alignment with foundations). For instance, Botetzagias & Koutiva (2014) hypothesize that a variety of factors can influence a nonprofit's likelihood of receiving a grant: public recognition, track record, organizational structure (more professionalized is better), financial management, activism (whether the nonprofit tries to influence public policy), high-profile board members, quality of the proposal, proposed project's alignment with the foundation's interest, presence of board interlocks between the nonprofit and the foundation, and "good name" (for instance, by having someone vouch for the organization).

Other scholars focus on specific nonprofit characteristics, such as a nonprofit's area of expertise, governance, or financial management. Delfin & Tang (2007), in a study of foundation grants to environmental nonprofits in California, find that foundations do not consistently favor the prominent national environmental organizations when making grants. Choice of grantees depends more on the scope of the issue (i.e. grants for national and international issues tend to go to the national environmental groups while grants for local issues go to local groups) and nonprofit expertise (i.e. grants in areas that necessitate significant technical expertise tend to go to prominent national groups). Lowry (1999), who also focuses on grants to environmental citizen groups, finds that corporate foundations give fewer grants to politically active organizations and membership organizations (unless they have a very large membership) while independent foundations tend to give more grants to membership organizations and organizations with more outside board members. Ashley & Faulk (2010) focus on financial health and financial efficiency ratios, demonstrating that grantees with higher debt and fundraising ratios tend to receive lower grant amounts.

The main problem with such studies is that they tend to select on the dependent variable:

they focus on successful grantees only. Very little data is available on nonprofits that are not selected for grants because foundations do not publicize that information (Faulk et al., 2012). As such, we cannot determine if grantees systematically differ from non-grantees on the characteristics that the literature has deemed important. Unless we can get more systematic data on unsuccessful grant applicants (only some foundations keep data on unsuccessful applicants), quantitative analyses of grant recipients will not be enough. In this paper, rather than focusing on grantee characteristics, I propose to use a different approach and focus on grantmakers. Through conversations with foundations, I am able to better understand not only the criteria that they use to evaluate nonprofits, but also the grantee selection process itself.

3.2 Research Propositions

In this chapter, I propose that systematic differences between types of foundations (family, community, corporate, and independent) will affect their grantmaking. For example, key factors that I expect to be different across foundation types include the role of the board and the presence and role of the staff. In turn, these differences across foundation types should affect three main aspects of the grantmaking process: a foundation's funding priorities (both their scope and stability), the formality of its grantee selection process, and its grant turnover rate (i.e. how many of its grants go to the same organizations year after year). I propose hypotheses on each of these three aspects below.

3.2.1 Family Foundations

Grant decisions inherently involve uncertainty and incomplete information, which is consistent with the concept of bounded rationality (Simon, 1956). Foundation trustees "satisfice:" they determine grantmaking criteria, perform a limited search among applicants, and select applicants that meet these basic criteria. Because acquiring information is costly, foundation

trustees rely on heuristics and cognitive shortcuts to make grant decisions, for example by focusing on financial data from Form 990 (tax filing) or by looking for signals of support from other foundations. Consensus decision-making, which is very common among foundations, also tends to exacerbate this tendency to choose satisfactory grantees rather than choose the very best because trustees are focusing on finding grantees that they all can agree on.

In 2008, only 12% of family foundations with at least $1 million in assets or making grants of $100,000 or more reported having paid staff (Foundation Center, 2009). Because so many of them do not rely on staff, they do not have the resources to examine large numbers of grant applications. As such, I expect them to try to reduce the burden of grantmaking by adopting two strategies: 1) making their funding priorities narrow (if they accept grant applications), and/or 2) using the personal contacts of trustees to find potential grantees (Tversky & Kahneman, 1974).

As far as relying on trustees' contacts is concerned, previous research has shown that family foundations tend to follow "very informal selection processes" (Grønbjerg et al., 2000). According to a survey by the Council on Foundations (2002), 48% of family foundations allow trustees to allocate discretionary grants (i.e. grants that are made at the discretion of a trustee and do not require approval by the full board), compared to 26% of foundations overall. In turn, this is likely to result in lower turnover rates (ratio of grants that are replaced in the following year to the total number of grants), as trustees will continue to give grants to charities they know and trust year after year (Grønbjerg et al., 2000).

Hypothesis 3.2.1 *Family foundations are will tend to have the least formalized grantee selection process among all types of foundations.*

Hypothesis 3.2.2 *Family foundations turnover rates for grants will tend to be lower than those of other types of foundations.*

Using data on the largest 200 U.S. foundations, Lungeanu & Ward (2012) find that family foundations are more focused in their grantmaking (i.e. concentrate their grants in fewer

subject areas) than non-family foundations. However, the authors show that, as boards of trustees become larger and as new generations take over the foundation, diversification is likely to increase.

Hypothesis 3.2.3 *Family foundations that accept grant applications are likely to have narrow funding priorities.*

I expect family foundations whose founder is still alive to behave somewhat differently from other family foundations. Having a benefactor with a precise idea of what s/he wants to accomplish with the foundation combined with generally smaller staff than other types of foundations is likely to lead to a more hierarchical, unitary decision-making process.

Hypothesis 3.2.4 *Family foundations led by their original benefactor are likely to have a more hierarchical decision-making process than other foundations.*

3.2.2 Community Foundations

Community foundations, as public foundations, rely on ongoing individuals' donations rather than on an endowment or corporate contributions. As such, community foundations are more similar to charities than to other foundations in that they are clearly accountable to the general public. In response to this potential for public scrutiny, community foundations tend to have formal, multistage review processes (at the staff and board levels) for grant proposals, regardless of the size of the foundation (Grønbjerg et al., 2000). They are also less willing to make grants based on what could be perceived as "preferential treatment" (such as grants to friends of trustees or grants to the same recipients as the previous year). In general, foundations use "preferential treatment" because of information asymmetries. If they have to choose between a nonprofit that they already know and trust and a nonprofit that they do not know, they will tend to favor the former. Community foundations have an advantage over other types of foundations in that their boards of trustees are composed of

numerous community members with various backgrounds. Arguably, these trustees and staff will be able to obtain large amounts of information about potential grantees through their community connections. This entails that community foundations can be expected to fund more "new" nonprofits than other types of foundations, thus increasing the turnover among funded nonprofits from year to year (McGinnis, 2012).

Hypothesis 3.2.5 *Community foundations will tend to have the most formalized grantee selection process among all types of foundations.*

Hypothesis 3.2.6 *Community foundations turnover rates for grants will tend to be higher than those of other types of foundations.*

Community foundations' boards tend to be the largest among all types of foundations (Council on Foundations, 2010). Because a community foundation has to be representative of the community, its board must include individuals with diverse backgrounds, stature in the community, and personal objectives. In a survey of foundations, Ostrower (2004) finds that 76% of community foundations say that the board of trustees is "very influential" in setting funding priorities. If community foundation boards are so diverse in membership, we should expect them to generate large numbers of funding priorities. Furthermore, as community needs are constantly evolving (and as board membership changes), funding priorities should change relatively frequently. The same survey reveals that, as opposed to a vast majority of independent and corporate foundations that state that limited and focused grantmaking areas lead to more effectiveness, the majority of community foundations believe that broad grantmaking areas are more effective (Ostrower, 2004).

Hypothesis 3.2.7 *Community foundations are likely to have broad and changing funding priorities.*

3.2.3 Independent Foundations

Grønbjerg et al. (2000) do not find as many dominant trends among independent foundations as among the other three types of foundations. In general, independent foundations tend to be larger and more visible, and, as a result, are more likely to hire staff and to have formalized grantee selection procedures in place, simply because of the sheer number of grant applications that they receive (Froelich, 1999; Grønbjerg et al., 2000). Yet, not all independent foundations are large. Some smaller independent foundations' grantee selection processes may not be as formalized because they do not have the resources to undertake complex evaluation processes. Consequently, I expect to see more variation in the formality of the selection process among independent foundations than among community foundations, which should all be very formal.

Hypothesis 3.2.8 *Independent foundations will tend to have a quite formalized grantee selection process.*

Ostrower (2004) finds that independent foundations are more likely than any other type of foundations to require grantees to collect outcome information and to formally evaluate grantees. The fact that independent foundations tend to favor both formal selection and evaluation mechanisms suggests that grant turnover rates should be high. However, because independent foundations are more likely than community foundations to make long-term grants because of their more secure resource base (Ostrower, 2004; Grønbjerg et al., 2000), grant turnover for independent foundations should be slightly lower than for community foundations.

Hypothesis 3.2.9 *Independent foundations turnover rates for grants will tend to be relatively high.*

73% of independent foundations believe that limited and focused grantmaking areas are "very important" in leading to more effectiveness (Ostrower, 2004). Thus, I would expect

independent foundations' funding priorities to be relatively narrow. To be clear, many independent foundations are likely to operate in multiple, broad sectors, but their description of current programs should be specific (i.e. not every arts or environment organization should be able to send a proposal). Independent foundations have also been criticized by other funders for shifting priorities too frequently and too rapidly (Grønbjerg et al., 2000). So in addition to being fairly narrow, I expect independent foundations' priorities to shift often.

Hypothesis 3.2.10 *Independent foundations are likely to have narrow and changing funding priorities.*

3.2.4 Corporate Foundations

Grønbjerg et al. (2000) highlight that the corporate foundations they interviewed vary a lot in terms of formality of the grantee selection process. Some have very informal procedures, basically asking management for nonprofit recommendations, conducting minimal verifications, and awarding grants to those organizations. Others are quite formal, asking potential grantees to fill out applications, specifying criteria, and having multiple rounds of reviews. Based on the neo-institutionalist literature, I would argue that such variance among corporate foundations is to be expected because, much like corporation subsidiaries, these foundations are under coercive isomorphic pressures to become more like their main funder: their corporate parent (DiMaggio & Powell, 1983). Therefore, we should expect corporate foundations to follow similar procedures as their parent corporations: if the corporation makes decisions more informally, so will the foundation (and vice versa).

Hypothesis 3.2.11 *The formality of the grantee selection process in corporate foundations will tend to match the formality of the decision-making process in the parent corporation.*

Although they are legally independent entities, corporate foundations tend to be closely linked to their parent firm, depending on its annual profits for resources and on its staff

for managing grants. Research on corporate foundations has demonstrated that one of the main objectives of corporate foundations is to bolster the reputation of the parent company (Pedrini & Minciullo, 2011; Westhues & Einwiller, 2006; Grønbjerg et al., 2000). Therefore, grantmaking by corporate foundations tends to be linked to the corporation's social responsibility objectives. Since corporations wish to address the needs of as many potential customers and employees as possible, corporate foundations' priorities are likely to be broad to be able to adapt specific grants to the desires of their target customers and employees (Koushyar et al., 2013). Grants should also be concentrated in geographical areas where the corporation conducts its business. Koushyar et al. (2013, p. 13) note that corporations' market incentives leads them to care "less [about] the tangible social improvements that come from committed relationships and more [about] the symbolic association of the company with a range of organizations," which leads their foundations to make more, but smaller, grants with different grantees from year to year because they are more interested in philanthropy as a marketing/sales tool than in developing long-term relationships with these nonprofits.

Hypothesis 3.2.12 *Corporate foundations are likely to choose broad funding priorities, but in a focused geographical area.*

Hypothesis 3.2.13 *Corporate foundations turnover rates for grants will tend to be high.*

Table 3.1 summarizes the research propositions presented above.

3.3 Data and Methods

In this chapter, I conduct a qualitative analysis. Since the focus of the dissertation is on international grantmaking, I created a sample of all Washington State foundations that had made at least one grant deemed "international" (e.g. projects related to international affairs, peace and conflict, cross-country student exchanges, etc.) using the *Washington Foundation DataBook*. This means that all of the foundations in the sample are located in Washington

	Family	Independent	Community	Corporate
Who?	Trustees (at least 50% family)	Staff experts	Community representatives	Employees
Formality of selection process	Lowest	High	Highest	Similar to parent corporation
Turnover rates	Low	High	Highest	Highest
Funding priorities	Narrow Stable	Narrow Changing	Broad Changing	Broad Changing

Table 3.1: Summary of expectations

State,[1] but do not necessarily make grants only to Washington State nonprofits. Foundations that make grants to local nonprofits but are located outside of Washington State are not included. The foundations that agreed to participate in this project have all made some grants considered "international," but none of them focuses on international grantamking. The great majority of their grants are domestic, and for most of them, concentrated in Washington.

I followed a "diverse cases" strategy (Seawright & Gerring, 2008), choosing foundations of each type (to illustrate the full range of variation) as well as foundations of the same type but different sizes. After receiving approval from the university's Institutional Review Board, I randomly selected foundations from the *Databook* based on type (community, corporate, family, independent) for my case studies (based on Grønbjerg et al., 2000). The sample that I

[1]Many of these foundations are not incorporated in Washington State, but are considered to be located here because the address of the contact person is in Washington State. As such, foundations may appear or disappear from the book if the contact person changes or moves to another state. For example, one of the foundations I discuss in this chapter would no longer be considered to be in Washington State because the contact person moved.

created from the *Databook* to select interviewees included very few corporate and community foundations (seven and five respectively), and only one of each accepted my invitation to participate in this study. Four family foundations and two independent foundations also agreed, bringing the number of participants to eight. Among family and independent foundations, I attempted to include organizations with different assets and grants volumes to avoid confounding the potential effects of foundation type and size (i.e. if all independent foundations in the sample are large, we cannot determine whether the results we observe are produced by type of foundation or by size). Interviews were conducted with founders/leaders, executive directors, or staff responsible for grants (managers or assistants). They lasted between 45 minutes and one hour and a half and were all recorded. The questionnaire that was provided to interviewees can be found in Appendix B.

Table 3.2 presents some basic information about the foundations, extracted from their most recent tax filings and annual reports (2013). Exact numbers are available, but I include only ranges to protect the foundations' identities. "Repeat grants" is a percentage representing the number of grants that went to the same grantees in 2012 and 2013 divided by the total number of grants in 2013.[2] "Ruling year" is the year the organization was granted its foundation status by the Internal Revenue Service (IRS). The two final columns denote whether the foundation accepts unsolicited proposals (a "no" here would indicate that grants are by invitation only) and whether the original benefactor (or founder) is still leading the foundation.

The next section details the results of the foundation interviews.

[2]Matching grants were not included in this count, since the original donations are made by employees and, as such, the foundation does not really control the destination of those grants.

	Assets (millions)	Grants (millions)	Repeat grants	Focus areas	Board size	Ruling year	Accepts unsolicited?	Founder is leader?
Family A	20-30	1-1.5	50-60%	Arts; health; environment; education	1-5	1990s	No	Yes
Family B	30-40	1.5-2	80-90%	Environment; arts; education	6-10	1990s	No	No
Family C	40-50	2-2.5	50-60%	Social services; arts; education	1-5	1960s	Yes	No
Family D	40-50	2-2.5	70-80%	Arts; health; education	6-10	1980s	Yes	No
Community A	1-5	<0.5	70-80%	Health; education; arts	11-15	2000s	Yes	No
Corporate A	50-60	3-3.5	60-70%	Education; health	11-15	2000s	Yes	No
Independent A	5-10	0.5-1	30-40%	Arts; health; education; environment; human services	21-25	1990s	Yes	No*
Independent B	110-120	5-5.5	40-50%	Environment	6-10	1950s	Yes	No

* In this case, the founder is still involved with the foundation, but is no longer president.

Table 3.2: Background information on the foundations

3.4 Results

3.4.1 Funding priorities

Family Foundation A

Family Foundation A focuses its grantmaking in four key areas: arts and culture, medical research, the environment, and education. In recent years, the foundation's priorities have shifted toward medical research. The interviewee noted that priorities change according to age: "[as you get older] you realize more so that the medical research people are the ones who are going to help not only my life, but others' lives, and you've got to spend a lot of money in that area to fund research." The foundation also focuses less on the environment than before, as the founder's son was the liaison with environmental groups but is now involved only peripherally with the foundation. Other family members do not necessarily "have the time or inclination" to go visit these nonprofits.

Based on my conversation with the founder, priorities also seemed to respond to changes in the overall funding environment. For instance, he mentioned cuts at the National Institutes of Health (NIH) and at the National Endowment for the Arts (NEA) and how it is now "up to the private sector to help out." There are no systematic periodic re-evaluations of the foundation's priorities. Overall, changes in priorities have been more organic, often reacting to changes within and outside of the foundation. Based on an examination of tax filings, the foundation does not appear to have a narrow focus in any of its areas of expertise, funding nonprofits with various missions in each category.

Family Foundation B

Family Foundation B, on paper, focuses on the environment, arts and culture, and primary education. In reality, about 95% of its grants go to environmental causes because that was the major interest of the first generation of leaders. The mission statement itself "is not up

for discussion." But recently, the foundation trustees (the second and third generations), with the help of a consultant, have narrowed down the focus on the environment to three specific areas: climate change, habitat, and population control. The interviewee believes that "if you were to poll the group, they would probably agree that climate change is the biggest concern," but he said that their actual grantmaking may not reflect this reality.

In the past, the trustees would examine potential grants in alphabetical order, making it difficult to assess the three grant categories holistically. The plan for the future is to reduce the number of grants significantly, which he hopes will make it possible to think more of the bigger picture and how the grants fit in each category and with each other. Overall, I would argue that the funding priorities of Family Foundation B are definitely more narrow than those of Family Foundation A. They have been changing recently, but through time have been fairly stable, partly because of the foundation's emphasis on building long-term relationships with grantees.

Family Foundation C

Originally, Family Foundation C made significant contributions to churches with which the original benefactor was affiliated. But because family members are affiliated with a variety of churches (and tend to have low opinions of each other's church), the current leader of the foundation has moved it away from such giving. About thirty years ago, the foundation turned its focus to the community's social needs, broadly understood. At that point in time, downtown Seattle was in really bad shape and the foundation helped revitalize the city, notably by supporting the arts. After that, it also focused on social services like housing, food banks, and domestic violence assistance. This focus on social services has been emphasized and maintained since the 2008 financial crisis, as a lot of people were out of work and needed help. Family Foundation C also supports private education institutions that help children with learning disabilities because of such needs in the family. In its application guidelines,

it enumerates arts, social services, and education.

Although this general focus on social needs has been very stable in the last thirty years, the specific funding priorities of the foundation are ever changing. The president of the foundation made that point very clearly: "We react to requests. [...] We blow with the wind. It [our funding] depends on what we think the needs are and who asks." As such, I would describe the foundation's funding priorities as broad and changing.

Family Foundation D

The foundation's founder determined the three areas of focus of Family Foundation D – arts, education, and health. After his death, the trustees met with consultants to refine those areas. They decided that they wanted to focus on public schools (even if some of them had children in private schools) and would not fund projects of religious organizations that would benefit only their own members. To be funded, a religious organization would have to propose a project that would help people regardless of their faith. The focus areas are reviewed periodically (e.g. at retreats), but have changed only slightly: "In terms of the three big funding areas, that won't change. [...] The priorities within them might shift a little bit, but I think we've been pretty stable." Since the financial crisis of 2008, safety net issues have been a major focus that has been quite stable. The focus had been much broader before, but the board decided intentionally to narrow it to safety net issues because of the consequences of the crisis.

To a certain extent, every board meeting involves some discussion on strategy. As the interviewees noted, "Even in the context of a meeting, we'd say: 'okay, we've got 20 applications here. Where do we really want to focus our funds?"' So even if the foundation could systematically assess its focus areas more often (according to the interviewees), it does consider priorities within those areas regularly based on the current pool of applications.

Community Foundation A

Although Community Foundation A's website describes the foundation's focus areas as arts, health and human services, and education, the executive director of the foundation described the focus to me more in terms of development work broadly understood. The goal is not to provide crisis funding: "we don't want to support a group that has somebody come to a food bank month after month for five years." This focus on development over crisis has evolved over the last few years. The respondent mentioned that the foundation's priorities are open to change, but that it does not necessarily have priorities other than development. Emerging needs are a major focus, and the foundation tries to fund organizations that might not be able to get funding elsewhere (rather than larger organizations).

The board has considered explicitly whether it should narrow its focus but decided against it because it would mean that certain groups which are funded right now would lose their funding despite their importance to the community. In sum, I would describe Community Foundation A's funding priorities as broad and stable.

Corporate Foundation A

The focus areas of Corporate Foundation A are: accessibility (support people of all abilities), security (basic needs services, especially for those experiencing homelessness), and opportunity (educational opportunities, particularly for low-income, under-served, or at-risk youth). In 2008, the foundation experienced a structural change due to a change in the corporation. According to the interviewee, "the two big areas around education (which we now call opportunity) and health and human services/basic needs (which we now refer to as security) [have been pretty consistent]. I'd say the biggest change really since then [2008] – and more than a change I'd say it's a re-emphasis – has been in the area around accessibility and inclusion."

About a year or two ago, the foundation conducted a systematic evaluation of its work,

but the interviewee also noted that reflection about the foundation's priorities is ongoing. He thinks that the core areas of focus are unlikely to change, but there is some flexibility in terms of funding priorities within the core areas, partly because the core areas are quite broad.

Independent Foundation A

Independent Foundation A makes grants in five focus areas: arts and culture, education, environment, health, and human services. It also specifies that projects must respond to an emerging need, be a bold new venture, or be a new solution to an ongoing problem. The founder of the foundation indicated that neither aspect (focus areas or "type" of grant) has really changed at all since the foundation was created. So, in that sense, the funding priorities of the foundation have been extremely stable through time. The foundation's core areas of focus are quite broad. However, every year, each grant committee (the organization has a separate grant committee for each focus area) can choose to make its grantmaking as broad or as focused as it wishes. For example, the human services committee may decide to consider any and all applications one year, but to only consider requests related to homelessness the following year. In sum, although the core funding areas have been very stable, priorities within these areas change every year.

Independent Foundation B

Independent Foundation B focuses exclusively on the environment, which it divides into four more specific program areas. When it was created, the foundation basically made grants in any issue area (including people who were in financial trouble). A little more than 20 years ago, the board of the foundation decided to be more strategic. For the first time, it hired an out-of-family executive director and focused its grantmaking on the environment specifically. In 2009, the strategic focus was narrowed even more to environmental sustainability

specifically. The strategic reorientation was led by both the executive director and program officers. The foundation holds a strategic review every five to ten years (although it may take longer than that before the next review because of major developments at the foundation). According to my interviewee, the core focus of the foundation on the environment is not open to change. Based on that information, I would argue that Independent Foundation B's funding priorities are narrow and stable.

Discussion

Overall, five out of eight foundations appear to have broad funding priorities. Only Family Foundation B, Family Foundation D, and Independent Foundation B have chosen to limit funding priorities beyond just choosing some sectors of interest (i.e. arts, environment, health). This finding is mixed in terms of my original expectations. For family foundations, the rationale was that, since so many of them do not have staff to examine a large number of applications, they would keep their funding priorities narrow to make the process more manageable. However, the two foundations with narrow priorities are one foundation that does not accept unsolicited proposals (and therefore does not have to worry about applications) and one foundation that actually has a staff member to read applications, which completely goes against this theoretical explanation. With regards to independent foundations, prior research had shown that independent foundations tend to associate narrower priorities with effectiveness (Ostrower, 2004). Independent Foundation A does not fit this profile, but I would argue that it is probably related to its unique emphasis on member leadership: if the foundation had more narrow priorities, it would take away a decision-making opportunity for the membership.

Five out of eight foundations also appear to have stable funding priorities (I would describe Family Foundations A and C and Independent Foundation A as having changing priorities), which again goes against my theoretical expectations. The literature suggests

that community and corporate foundation, because of their ties to community members and clients respectively, would change their priorities frequently to please as many people as possible in their large constituencies. However, it does not appear to be the case here. One possible explanation, however, is that if a foundation's priorities are broad enough, there would be no need for "official" changes in priorities because the current focus areas could accommodate a large range of different projects. This explanation cannot apply to Independent Foundation B though because it has narrow and stable priorities. Independent foundations are often accused of constantly changing their priorities by other foundations (Grønbjerg et al., 2000). It is possible that progress in the area of environmental sustainability has been slow, explaining Independent Foundation B's stable priorities.

3.4.2 Formality of grantmaking process

Family Foundation A

I would argue that Family Foundation A follows the most informal grantmaking process of all the foundations I interviewed. I attribute this difference largely to the fact that Family Foundation A 1) does not accept unsolicited grant applications, and 2) has a very small board: "We're not the Gates Foundation. We don't have a staff of 3,000 who can sit there and go through grants and requests and so forth. We initiate. We don't accept requests for grants. We pick the areas we like; we pick people we happen to know or run into." This statement oversimplifies the process to some extent, however. The foundation does not simply give to nonprofits family members "know." Although there is no formal application for nonprofits to fill out, family members glean information from Form 990 (nonprofits' tax filings), nonprofits' websites, and the Internet more generally. They are particularly interested in whether the organization is fulfilling its mission. To make that determination, they talk to people and go experience the nonprofit themselves, whether it be visiting a museum or touring a medical facility and speaking to its researchers.

Financials and governance are also very important for Family Foundation A: the nonprofit must be "well run" (they attend board meetings occasionally and ask for minutes of board meetings); it must have a balanced budget; and it must use its money wisely ("if they don't spend it right, don't give it to them"). The foundation's founder gave me two examples of unwise spending. The first case is overpaying the CEO. In one particular case, after being invited to visit a medical facility, he found out from the Form 990 of the organization that the CEO's pay and benefits amounted to $2 million. It seemed excessive, so he examined the 990s of large, renowned universities like Yale and Harvard to see how much their presidents were making. To his surprise, they were making less (more around the $1-$1.5 million mark) even if they were administering much larger organizations. That was a red flag to him. Another instance of unwise spending that he shared with me was an arts museum that paid a very large sum for a painting in 2008, as we were already seeing signs of a financial crisis. The museum then had to lay off workers because of monetary problems. The interviewee's position was that it would have been wiser to keep people's jobs and not purchase the painting. Family Foundation A stopped funding the museum as a result.

When a member of the family finds an organization they would like to support, they all have to be on the same page before writing a check. In cases of disagreements, they either reduce the amount of the grant or do not give at all. In terms of reporting and evaluation, the foundation does not ask nonprofits to send a formal report on how they used the money after a grant is over. Since most grants are for operating support, there is usually not much to report. However, when the grant is for a project, foundation trustees like to receive a verbal report of what was accomplished: "if it is for a specific research project, yes we want to see an evaluation; we want to do an assessment to see what promises they have or have not fulfilled." The interviewee noted that, especially with medical research, the projects are usually long-term and results are unlikely to appear after a year or a few years, so they take that into consideration as well.

Family Foundation B

Family Foundation B is similar to Family Foundation A in that it does not accept unsolicited grant requests. Most of the nonprofits involved with the foundation have been grantees for a long time, sometimes decades. The grantee selection process is definitely more formal than that of Family Foundation A (and is becoming even more formal recently), but is quite dysfunctional according to my interviewee. Basically, each trustee is responsible for a certain number of current nonprofit grantees. They meet informally with these grantees throughout the year and have casual conversations with the development directors ("none of us want a form for them to fill out"). Funding is usually for operating support, but they like to hear about nonprofits' projects "as a bellwether for how they are doing." Before a board meeting, the trustees have to prepare a summary on each of their assigned nonprofits (e.g. mission statement, budget, size of last year's grant, what the organization accomplished in the last year, etc.).

During the meeting, the trustees have five minutes to go over their summary and make a grant recommendation for the upcoming year, followed by questions from other trustees. Over two days, all the nonprofits are addressed in alphabetical order and receive five minutes each, regardless of the size of the grant (this process is being changed now). The interviewee noted: "We used to joke that the people at the end of the alphabet would get whatever they wanted because we would be so tired." The foundation does not have any written criteria to select grantees and all decisions are made by consensus.

According to my interviewee, this approach leads to a host of problems. First, although it seems quite simple to meet with the development director and ask about the nonprofit's progress, some trustees find it quite difficult to then come to the meeting and convey this information to their peers for seven, eight or nine organizations. As he noted, "people would literally be opening letters at the table and start reading them." A second problem with this method is that the quality of assessments can vary greatly from one trustee to the next,

so nonprofits that are assigned to a particular trustee may be consistently less scrutinized than nonprofits assigned to another. He shared an anecdote with me on this subject. They transferred the responsibility for a given nonprofit from one family member to another. The newly responsible family member noticed that she had received the exact same letter from the nonprofit as the previous year. After some investigation, she uncovered widespread dysfunction and love triangles in the nonprofit. If the responsibility for this nonprofit had not been transferred, they may not have seen this. Different people see different things and ask different questions (for example, he noted that some trustees cannot read a balance sheet). Currently, the board is moving toward abandoning this "trustee ownership" over grantees (they do not call it ownership, but that is the term he used), but there has been pushback from some trustees.

A third problem with this approach is that each trustee is responsible for "selling" his/her nonprofits to the rest of the group. The trustee may not be able to answer all questions from the board, especially if proposing a new nonprofit to be added to the list. And the dynamics may not always have much to do with the potential grantee, as he explained: "Then it comes down to: do you feel that this trustee did their homework? How mean have you been to them lately? And you kind of go from there. And it's really unprofessional." So although some formal procedures are being followed, the process is not necessarily efficient or professional.

Family Foundation B is trying to move toward a more professional board. A consultant is helping the foundation to bring down the number of grants almost by half (so making fewer, larger grants) to make the task of grantmaking more manageable. There will also be an educational component added to board meetings (e.g. how to read a balance sheet). The hope is that these education sessions will help "weed out" weaker nonprofit grantees. This effort has alienated some of the second generation trustees though. They like the current system and do not think it is broken; they like a more "touchy feely" way of doing things and are not "regimented enough" to take on a more professional model of grantmaking.

The respondent for Family Foundation B made an interesting observation about the formality of the grantee selection process at the end of our conversation. There is another foundation that supports similar issues and has similar assets to Family Foundation B. This other foundation, however, has a dedicated staff of a few people (Family Foundation B does not) and he would argue it has a more in-depth, rigorous process for selecting grantees than his foundation. Yet, when he compared their grants, he realized that there was significant overlap between the two foundations. Considering that foundations (and nonprofits more generally) are often encouraged to be more rigorous and more business-like (and considering this foundation's clear attempt at becoming more professional), this finding is interesting.

Family Foundation C

The grantmaking process at Family Foundation C is quite formal. Clear guidelines are provided on the foundation's website for applicants (regarding type of organization, location, size, and type of grant). Additionally, the foundation tends not to make grants to nonprofits that receive a large portion of their funding from public entities. All nonprofits are required to complete a detailed application. The application includes: basic information about the nonprofit, an explanation and budget for the request, a list of other foundations and corporations from which the nonprofit has requested funds for this project/program, a list of other foundations and corporations from which the nonprofit has received funds in the past year, detailed financial information for past and current year, detailed information on trustees and board meetings, volunteer and staff information, and a copy of the annual report.

As applications come in, the president reviews them. If they are incomplete or if he has questions, the foundation contacts the nonprofit directly or talks to contacts in other organizations: "We talk to [a prominent Seattle foundation] and United Way to get their insight. We have one non-family trustee who is quite knowledgeable on the needs of the community and we rely on him to some extent." The trustees come in on the day before the

board meeting and review all applications. The board decides by consensus. The interviewee described the process as "very collegial." When there is a disagreement amongst trustees, they will usually reduce the amount of the grant – the president manages the bargaining process. Sometimes, the foundation receives requests by good customers or messages on behalf of particular nonprofits from influential people in the community. In general, that is seen as a favorable sign by the foundation: "It depends on the person, but in the main, it's a good endorsement." In sum, the foundation relies on extensive information provided through the application and their personal networks to select grantees.

Family Foundation C does not usually conduct evaluations once it has made a grant. If it doubts that a capital campaign will be successful, it will make a pledge. Once the nonprofit has received its building permit or has raised a significant amount of money, the foundation sends the check. The president of Family Foundation C told me that "they don't know" whether a nonprofit is meeting community needs. When I asked if that bothered him, he answered: "It honestly doesn't bother me. We're doing the best job we can in picking good organizations. The money's out the door. If it turns out they're not doing a good job, we wouldn't fund them in the future. We can't get our money back." So basically, the nonprofit is only evaluated again if it requests another grant a few years later. The foundation would then examine all of the information detailed above again. If not, the nonprofit is not evaluated in any way.

Family Foundation D

Family Foundation D follows a formal selection process and is known in the nonprofit community as having "a rigorous process." Prior to 2008, the foundation used to receive from 250 to 300 inquiries per grant cycle. Of these, about 175 would be applications that were complete and that could seriously be considered. Ultimately about a third received a grant. Then, from 2008 to last year, the foundation shifted to making grants by invitation only.

Last year, the foundation started accepting unsolicited requests again. The foundation, much like Family Foundation C, presents detailed guidelines for applicants on its website. When applying, nonprofits must include a letter (which describes their organization, their proposed project, and its significance), a completed application form, and a proposed budget for the project (including expenses and revenues). The application form includes questions about the organization's governance, overall budget and sources of income, and the proposed project (including other sources of funding and expected impact).

A part-time employee and the executive director read all of the applications and prepare a summary page with key information (including the foundation's prior history with the nonprofit) for each application that will be seriously considered by the board. All of these applications and summary pages are then compiled into a book that the trustees receive one week prior to the meeting. If an applicant is new or has experienced a major change in leadership, the foundation will schedule a site visit (regular grantees are also visited every few years). At the board meeting, trustees discuss each application in the book, sometimes one by one, sometimes in small groups of similar organizations. Each trustee is also given a fixed sum to be spent on discretionary grants. The executive director includes a section called "consider for discretionary grant" in the book for applications that may be a stretch for the foundation or that fit the mission but that the board as a whole may be reluctant to approve. The board was described by the interviewees as "generally a pretty cohesive group." When disagreements occur, they are generally minor and get resolved by negotiating the amount of the grant down.

In terms of criteria, the board examines the applicant organization's leadership (and turnover for leadership and staff), its sources of income (the foundation rarely funds organizations that depend on the government for 95% or more of their funding), its board participation in giving (which signals engagement), and other sources of revenue (pending and committed) for the project. Other sources of revenue indicate broad community support

for the project. The foundation generally does not want to be the only funder and will fund only a small portion of any project. Personal connections may also come into play. The trustees know and are on the boards of several organizations, so they may have information they want to share with the rest of the board. In addition, as one of the interviewees explained, "we would go on a board because we have confidence in that organization." And if they are confident enough to be on the board, they will also be confident enough to make a grant to this organization.

Once a nonprofit has received a grant, it must submit an end-of-grant report: "We want to know what worked and we want to know according to the way you defined success. So we are certainly sympathetic to the fact that there are some things you can't put a number on and we're not going to have you come up with some arcane way of putting a number on it. But in terms of what you are trying to achieve, did you or did you not and tell us what's your metric." The two interviewees strongly emphasized that they want to know what did not work. When a nonprofit is able to articulate what did not work and propose solutions for future projects, the trustees are a lot more confident in the organization.

Community Foundation A

Community Foundation A's grantee selection process is formal. Again, applicants can find clear guidelines on the foundation's website. They must fill out an online application, which includes questions about the nonprofit itself, financial statements, questions about the requested grant and its expected impact on the community, whether the nonprofit receives funding from other organizations, and so on. If the nonprofit received a grant in the past, it must also discuss how that grant impacted the community, whether it was able to leverage the grant (i.e. attract funding from other sources as a result of the grant), how it promoted its partnership with the foundation, and what would have happened had the organization not received that funding. As the number of applications is increasing every year, the executive

director is considering possibly adding a letter of intent as part of the process in the future so that nonprofits with a poor fit would not have to submit a full application.

Once the yearly deadline has passed, the executive director reviews all applications to ensure that they are complete and releases them to the board. Trustees have access to the full applications and are expected to read them and have a preliminary evaluation ready (i.e. would I fund this group?) before the meetings. Then the board meets for 10-minute interviews with every applicant organization (what the interviewee described as "kind of a mini community assessment"). The interview focuses on three main questions: 1) what exactly are you going to do with the money?, 2) Which other funders have you approached for this project? If you are coming only to us, why?, and 3) If you do not get the full funding, will you drop this project? The interviewee mentioned that it has happened that nonprofits which, on paper, seemed unlikely to receive a grant ended up being funded because they "hit it out of the park" at the interview stage.

The following week, the board meets to make the final grantee selection. The meeting usually takes about three hours and was described by the executive director as "almost like an auction," where trustees go back and forth on grant amounts to ensure that they fund all deserving organizations. The foundation used to make larger grants, but the board made a conscious decision to make more numerous, but smaller grants because then nonprofits can "maybe go out and leverage that to other organizations." About three quarters of the requests were funded last year. The foundation gives the checks to the grantees at a ceremony. Nonprofits must attend the ceremony and they must bring a trustee of their organization to the event. According to the executive director, this is "the only time such a diverse group of nonprofits is in the same room together [and] the conversations are amazing." The grant ceremony generates a lot of collaborations, which is something that Community Foundation A encourages strongly.

Grantees are supposed to turn in a report at the end of the year, but very few of them

do. This is why the executive director decided to add questions about previous grants from the foundation in the online application. Currently, the foundation is working on making the end-of-year report required in the online system before an organization can submit a new application. The foundation has also adopted other strategies to stay updated on grantees' progress. Throughout the year, the foundation tries to build capacity for grantees through workshops (recent ones included how to use social networks and the importance of insurance for a nonprofit).[3] At the same time, it gives the foundation an opportunity to touch base with grantees and ask how they are doing. In addition, trustees hold board meetings at some of the grantees' organizations once in a while, which becomes "sort of a site visit." Therefore, although the foundation's formal evaluation process is weak, it has found other ways to stay updated regarding grantees' projects.

Corporate Foundation A

95% of Corporate Foundation A's grants are based on unsolicited proposals. A handful of grants are for nonprofits that the foundation invites to apply for a more significant investment. The foundation is familiar with them or has funded them in the past, and they are doing exciting work in one of its focus areas. Last year, the foundation accepted about 40% of proposal requests. The board tends to favor programmatic support over operating support grants. The foundation's website details application guidelines. Applications are to be completed online. Items required in the application include: a discussion of the community need the nonprofit is trying to meet; a description of its program; a discussion of monitoring and evaluation methods as well as past results; anticipated outcomes; a list of other organizations that might be doing similar work; other sources of funding; financials (most recent financial statement, profit and loss statement for the current year, copy of tax filing, etc.); program

[3]The board also conducts workshops to improve itself. For instance, the trustees recently received leadership training and studied the book "Toxic Charity."

budget; and a list of board members.

The program officer conducts the initial review of applications and contacts organizations to ask follow-up questions if need be. He prepares briefs for the applications that he is recommending for approval. If the organization is not a good fit or if the program officer considers that the application would not meet the board's standards, he rejects it. The Advisory Board meets six times a year to consider the applications. About 9 out of 10 applications that the program officer forwards to the board ultimately get funded. the program officer described dynamics with the board of trustees as "good," "cordial," and collegial. To him, board meetings are an opportunity to "clarify and crystallize our approach" and better articulate the foundation's vision to each other. As the initial reviewer and decision-maker for the foundation, conversations at the board meetings are also critical for him to understand the positions of the advisory board and how they interpret different requests. Decision-making is by consensus.

The main criterion that the program officer and trustees consider when evaluating an application is whether there is a strong alignment between the proposed project and the foundation's purpose. The board has also demonstrated a preference for well-established organizations (strong financials, strong board, track record of success). Finally, the nonprofit must be able to articulate clearly how it evaluates itself and measures outcomes and, by extension, be able to discuss its past results in those terms. Ancillary factors include: nonprofit location (what investments has the foundation made in the area previously?); history of collaboration with other nonprofits; and prior grants from Corporate Foundation A.

As its evaluation, Corporate Foundation A requires grantees to submit a 12-month impact report, which describes major accomplishments, the steps taken by the grantee to achieve those accomplishments, actual results (compared to the original anticipated results) and any setbacks or material changes experienced by the nonprofit during the year. Because submission of this report is required prior to submitting a new application, almost all grantees

complete it. The purpose of the report is to evaluate the nonprofit's results on its terms: "How did they do in light of the goals they set for themselves initially?" The foundation does not try to impose its own performance criteria on grantees. However, as the program officer noted, "we have our own idea of the key outcomes we look for" and nonprofits that are interested in those outcomes are more likely to be selected for a grant in the first place.

Independent Foundation A

Independent Foundation A is quite unique because it is a membership-based foundation ("I always say that we created a new architecture for philanthropy"). Members each contribute a fixed sum of money, that is then pooled to create large grants. Members are involved in every aspect of the grantmaking. One of the main objectives of the foundation is, according to its founder, to "develop [members'] leadership potential." As such, the foundation also serves an educational/training purpose. For instance, experts meet with members to share what they think are the main issues in each focus area and where a grant would have the most impact. Accountants train members to read tax filings and consultants train them to know which questions to ask on a site visit. But a lot of the learning happens through the grantmaking process itself, which is probably the most formal of this sample.

Like many of the foundations in this sample, Independent Foundation A provides detailed information for grantseekers on its website. The first step for nonprofits is to submit a Letter of Inquiry (LoI) online, which states the need the project would address, the approach the nonprofit would take to address it, and the anticipated impact of the project on the community. At the foundation, committees of about ten people each are formed. One of the committees reads all LoIs (about 250 last year) and assigns them to a focus area. The five grant committees (one for each focus area) then each select five applicant organizations from their group (25 total) and request a full grant proposal from them. Grant committees have a tremendous amount of leeway in how they select finalists, but have to report to the general

membership multiple times through the process, ensuring transparency. After consulting the proposals and discussing them, committee members appear at an open meeting for the general membership to inform other members of their findings. Grant committees then each select three applicant organizations out of five (15 total) and conduct site visits with these organizations. Another meeting, restricted to members only, is called to discuss the findings of the site visits. The founder of the foundation noted that meetings are restricted to encourage members "to be extremely open and outspoken" and to protect potentially sensitive information about the applicants. After that meeting, grant committees drop an additional finalist, leaving them with two each (10 total). At this stage, a voter's pamphlet and ballot are developed and all members vote to select the recipient of the large grant in each focus area (the frontrunner receives a much smaller grant as well).

Once a nonprofit receives a grant, the foundation writes a Memorandum of Understanding (MoU) stating that the grant is for a three-year period (sometimes two), and that a written report and site visit are required each year. The assessment committee, which is also composed of foundation members, is responsible for the evaluations. Evaluations are not meant to be punitive. The foundation is quite flexible to discourage grantees from hiding any change in circumstances. In the past, organizations have completely reoriented a grant after a year because the project was not working. As the founder puts it, "it's an engagement [...] a real support system to the organization." The foundation wants to be involved with its grantees, not just write a check.

Independent Foundation B

Independent Foundation B follows a formal grantee selection process. Like most other foundations, it provides detailed information for applicants on its website,[4] but it goes further

[4]Only one foundation, Family Foundation B, does not have a website. Family Foundation A, because it does not accept unsolicited proposals, does not have guidelines to include on its website.

than any foundation in this sample. For example, in addition to traditional guidelines/criteria for eligibility provided by the other foundations in the sample, this foundation also includes specific evaluation criteria used by program officers and trustees. As another example, while all foundations that have websites give at least some information on past grants, be it a sample of grantees or a full list of grants for the past few years, this foundation has a searchable database of all grants for the last fifteen years.

Nonprofit applicants must submit a LoI, which includes basic organizational information (address, charitable tax status, annual budget) as well as a project description (intended goals, use of funds, timeliness of project, collaborations, etc.). According to my interviewee, about 60-70% of organizations who inquire are then invited to submit a full proposal by a program officer. The full proposal asks questions on organizational capacity and diversity. Applicants must also attach a project plan and budget, most recent tax filing, balance sheet, income statement, audit report (if available), and a list of board members. The program officers then make phone calls to the potential grantees, do site visits, look at turnover within the organization, talk to their board members and to other funders. Usually (except in the case of start-up projects), the foundation does not want to be the only institutional donor supporting the grantee. Having multiple foundations on board is seen as a sign of stability. When asked what the major criteria of program officers were, my interviewee listed the following questions: "Does the proposal relate to our program goals? Is this project successful? Has the organization had a good track record and used previous grant funds well? Is the organization successful and impactful? Does this organization work with other groups to achieve shared goals?" Program officers prepare a summary of the request (including the organization's history with the foundation) and a recommendation to share with the board. Even though each program officer technically has his/her own program area, potential grantees do not apply to specific programs. There is significant collaboration between program officers and with grantees throughout the process: before an

inquiry, between the LoI and the full proposal, and after the proposal has been submitted. The board usually defers to the staff's expertise (which does not mean that there is not a lot of give-and-take and pointed questions at the meetings).

The foundation requires final reports on all grants before allowing applications for new grants. Grantees must revisit each objective/outcome from their original application and report if these goals were met during the grant cycle (if not, they must explain why they were not met). The foundation is interested as much in failures and unintended consequences as in successes of its grantees.

Discussion

When it comes to formality of the grantee selection process, I would argue that the hypotheses proposed above are mostly supported. Family foundations (with the exception of the large, more professionalized foundation) tend to have more informal processes than other foundations. I would characterize the processes for the community, corporate, and independent foundations as highly formalized. Based on the evidence presented here, however, I would not argue that Community Foundation A had the most formalized process, as expected. Instead, I would argue that the two independent foundations probably had the most formal processes in this sample. One possible explanation is that Community Foundation A is quite small. If we were dealing with the Seattle Foundation for instance, we would probably see a much more formalized process.

3.4.3 Rate of turnover in grants

Family Foundation A

When asked whether having received a grant from the foundation in the past made a nonprofit more likely to receive a grant in the present, the founder of Family Foundation A answered that "it may or may not." He stated that if nonprofits are accomplishing their mission, the

foundation will tend to keep funding them, but much depends on the management and CEO: "If we feel the CEO is the wrong fit for the organization, we will cut back on funding or withhold." But overall, he said it happened rarely that the foundation would be dissatisfied with a nonprofit's progress.

Family Foundation B

As mentioned above, Family Foundation B emphasizes the establishment of long-term relationships with grantees: "We form a relationship and will maintain it for two decades. That means we rarely add new groups." Therefore, it is no surprise that this foundation has the lowest turnover rate of all the foundations I interviewed. The interviewee told me that, when he talks to people from other foundations and finds out that they have almost 100% turnover in their grants, he simply has "no idea how they do it."

Family Foundation C

The percentage of repeat grants for Family Foundation C presented in table 3.2 is somewhat misleading because the foundation matches any gift from any family member (on the board or not) up to $5,000. These grants are not identified as matching grants on the foundation's tax filings. But if I remove all grants of $5,000 or less for illustration purposes, the percentage of repeat grants drops below 30% (which would be the lowest among all foundations I interviewed). This high turnover rate makes sense because the foundation makes mostly capital campaign grants (although it does provide operating support in some circumstances) and, as such, asks grantees not to make further requests for five years after receiving a grant. The interviewee did mention that a large number of nonprofits make a new request after five years because they are growing and "that's just the way the world works." So in this case, a measure of repeat grants in five-year intervals may be more appropriate than the measure provided here.

Family Foundation D

The percentage of repeat grants for Family Foundation D is among the highest of the group of foundations discussed in this piece, probably in part because of discretionary grants that are repeated year after year. But even with regards to non-discretionary grants, the two interviewees noted that a prior grant from the foundation is "a positive in the sense that we had some confidence in them at some point and so we probably will again." The foundation will give grants to some of the larger organizations every year. When it comes to the smaller grantees, however, the situation is slightly different. One strategy has been to encourage the nonprofits to expand their funding base (for instance by "taking a funding break" after a few years). Another tool the foundation has used is challenge grants (i.e. they will match new money from other sources up to $10,000).

Community Foundation A

Community Foundation A has one of the lowest turnover rates in this group of foundations. The interviewee noted that, as long as there is a good project, they will continue to give. Having received a grant from the foundation in the past is generally seen positively: "we're closer to you." But if the nonprofit performed poorly, that is also important. Much like for Family Foundation D, this foundation wants to see that the grantee reflected on what happened and has a plan to address previous failures. If a nonprofit with a bad track record simply asks for more money without any reflection, the foundation will decline.

Corporate Foundation A

In terms of turnover rate for grants, Corporate Foundation A finds itself in the middle of this particular group of foundations. The interviewee mentioned that past grants from the foundation are usually seen as a positive signal. This finding is significant insofar as it suggests that the view of corporations as profit-driven actors who care more about image than

about the long-term results of their philanthropic efforts may be exaggerated. Considering that the program officer was quite important in selecting grantees here, it would be interesting to see if corporate foundations with no dedicated staff (if they exist) are more instrumental in their grantmaking. It may be the case that corporate foundations such as this one seem to care because of self-selection – the person who got the program officer job got it because he cares.

Independent Foundation A

The percentage of repeat grants of Independent Foundation A is the lowest of all foundations in this sample (see table 3.2). The foundations makes few grants compared to other foundations in the sample. And for its major initiatives, grant recipients' s names may not be submitted again for a period of five years.

Independent Foundation B

The percentage of repeat grants of Independent Foundation B is, like that of Independent Foundation A, quite low. For the most part, if a nonprofit has received a grant from the foundation before, it is seen as positive because there is already an established relationship between funder and fundee. As the interviewee notes, "Returning grantees are more easily invited to submit a new grant proposal, but are not always guaranteed funds – especially if there was miscommunication about how funds were previously used or the project changed/staff members left without notice." Such situations can signal larger problems. In general, however, Independent Foundation B is more interested in whether a given idea fits with the foundation's strategic objectives than in the nonprofit itself.

Discussion

As table 3.2 shows, the community foundation and corporate foundation do not have higher turnover rates than family or independent foundations, contrary to the expectations presented above (see table 3.1). For community foundations, the rationale was that, because their board is composed of community members, they are more attuned to community needs and more aware of any "new" nonprofits or projects, so they would be more likely to make grants to different organizations from one year to the next. For corporate foundations, the assumption was that the parent corporation would benefit more from being associated with as many organizations in the community as possible. Yet, the two independent foundations have the fewest repeat grants in this group (and thus the highest turnover rates). This finding cannot be attributed to the size of foundations either, as the two independent foundations vary greatly in size (second smallest vs. largest by far). I did observe, however, that foundations whose funding priorities were changing (as opposed to stable) tended to have higher rates of turnover. Intuitively, this makes sense as new priorities will be associated with different nonprofits.

3.5 Conclusion

When you know one foundation, do you really know only one foundation as the saying suggests? This chapter seems to indicate that there is some potential for generalizations across foundations. However, we would probably need to focus on a variety of factors, as opposed to a simple combination of foundation type and size. Based on these results, I would maintain that foundation type is an important determinant of a foundation's grantmaking process. Different types of foundations in this sample had inherently different goals, which led them to adopt different strategies. For instance, although at least one foundation from each other foundation type mentioned that they aim to increase the size of their grants to achieve greater impact, the trustees of the community foundation in the sample chose to reduce the

size of their grants. This is a direct result of their focus on helping their community flourish by supporting as many community organizations as possible. Besides foundation type, a foundation's goals may also be an important aspect to take into consideration, especially if the foundation has separate goals (like educating its own members/trustees) in addition to its stated philanthropic mission.

If I was to begin this research project anew, I would probably not include foundation size as a major determinant of the grantmaking process. Size is not unimportant. But to me, the results indicate that having a professional staff is more influential than the actual size of the organization. In three of the four foundations with a professional staff (the community foundation being the exception), the program officers and/or executive directors had significant decision-making power independent of the board because they were the ones choosing which proposals to show the board in the first place. Of course, they all mentioned that they select requests based on their knowledge of the foundation trustees' preferences. Yet, I would argue that these staff members are subject to very little accountability and may very well use their position, purposely or inadvertently, to direct their foundation's grantmaking.

In addition to foundation type and professionalization, the interviews revealed at least one additional factor that affected a foundation's grantmaking process. The type of funding that a foundation provides to nonprofits seems critical. Foundations that focused on operating support or capital campaigns appeared much less interested in systematically evaluating grant recipients' progress than foundations focusing on programmatic support. Exhaustive evaluations have their advantages and their problems. And it seems fair to argue that program support lends itself more easily to evaluation. But this is still a dimension that needs to be studied more systematically in future research.

In my conversations about foundations' grantmaking process, I noticed certain discrepancies between foundations' discourse and actions. First, a few of them mentioned that

they tend to give to smaller organizations because they "need it more" than larger, well-established nonprofits. Yet when I examined their grants on tax filings, they all included quite a few large, well-established organizations. Second, respondents often (if not always) mentioned that "fulfilling the nonprofit's mission" was the most important criterion in the grantee selection process. However, many of them struggled to explain how they knew if a nonprofit fulfilled its mission and they tended to spend more time elaborating on financial criteria. Third, foundations generally want/encourage nonprofits to get the support of multiple foundations and to collaborate with their peers, yet the foundations themselves are reluctant to collaborate with each other. To me, these discrepancies probably indicate the distance that exists between what foundations strive to do and what foundations actually do in practice. I do not believe that foundation respondents were actively trying to deceive me about their behavior, but I think they may have been deceiving themselves. In the future, it would be helpful to complement interviews with observations of board meetings and staff's responsibilities to better judge how far discourse lies from practice.

In an ideal world, an interesting complementary project for this research would be to work with a few nonprofits and create grant proposals that they would submit to foundations. We could then approach foundations to learn more about the specific reasons for which the proposals were accepted or rejected (maybe even hear about the specific conversations staff and trustees had about the request). I expect that the quality of the proposed projects themselves may often not be the main reason for being denied a grant. I understand that the best idea in the world is not that useful if the organization is not strong enough to implement it. But I am worried that foundation grantmaking is path-dependent and that good projects do not get supported because the nonprofits do not "tick the right boxes."

Chapter 4

IMPACT OF BOARD INTERLOCKS ON FOUNDATION GRANTMAKING

We have all heard the saying "It is not what you know, it is who you know." But is it true when it comes to foundation grants? How influential are personal ties in the grantmaking process? In this chapter, I explore whether personal ties matter in grantmaking: are nonprofits with board connections to foundations more likely to receive grants overall than less connected nonprofits? Using statistical analyses of grants for international causes by Washington State foundations in 2011, I find that nonprofits located in the Western United States with board interlocks to WA foundations do seem to get more foundation grants, but that their connections do not affect the dollar value of the grants they receive. I focus specifically on the "international" sector because of the geographical distance between foundations in the United States and the ultimate beneficiaries of the services provided by nonprofits. That distance is an obstacle to direct monitoring of nonprofits by foundations, which means that foundations may have to rely on other signals to choose nonprofit grantees, such as personal connections. Below, I first review the importance of social ties in various literatures, then present my research propositions, discuss research methods, results, and conclude.

4.1 The Power of Social Ties

There is a well established literature examining how personal relationships influence our decision making. Granovetter (1985) argues that we tend to rely more on information provided by personal acquaintances because we are confident that they can be "counted on":

we have a history of satisfactory interactions with these acquaintances in the past and it is reasonable to believe that they will not behave opportunistically in the future because they expect to continue interacting with us. Galaskiewicz & Wasserman (1989, p.457) demonstrate the importance of personal networks empirically in their study of corporate charitable contributions: "contributions officers rely heavily on peer contacts for information regarding nonprofits. If they do not have information on a prospective donee, officers will often contact a peer in another firm." Furthermore, contributions officers who are in contact with each other tend to evaluate nonprofits similarly. As such, if a peer in a contributions officer's network funds a nonprofit, funding that same nonprofit will appear less risky. Interestingly, Galaskiewicz & Wasserman (1989) find that peer influence is more important under conditions of uncertainty. When a firm has funded a certain nonprofit in the past, peer networks are not as critical because the firm has had first-hand experience with the nonprofit.

In the business literature, a large amount of work has been produced on "board interlocks," i.e. when corporate executives sit on the board of multiple corporations (e.g. Burns & Wholey, 1993; Davis, 1991; Haunschild, 1993; Haunschild & Beckham, 1998; Mizruchi, 1989; Palmer et al., 1993; Westphal et al., 2001). When the focal organization is uncertain about the value of an idea/innovation, a director who has experienced the adoption of a similar idea or innovation in another organization can provide additional information about it and can evaluate its value for the focal organization (Davis, 1991; Haunschild, 1993). In interviews, corporate executives who were sitting on multiple boards of directors revealed that interlocks provided them both with improved knowledge about the general business environment and with particular ideas that they could apply in their own organizations (Useem, 1984). Furthermore, as Haunschild & Beckham (1998, p. 817) highlight, directors usually perceive other directors on the board as credible and trustworthy (because of their own professional position in another corporation and because they are disinterested), which leads them to be more confident in the information that other directors provide them. Consequently, the

board of directors constitutes an important source of information because it draws on the first-hand experience of actors who are considered credible and trustworthy by others on the board.

Even in the more limited literature on philanthropic foundations, social ties are deemed to be important.[1] Grønbjerg et al. (2000) note that foundation giving appears to be a two-stage process: nonprofit with no ties to foundations face strong competition and high barriers to entry while nonprofits which are already part of a foundation's network face much weaker competition for funding. From an information asymmetry perspective, this finding makes sense. Nonprofits possess a lot more information about themselves than is available to foundations. Instead of making potentially bad decisions based on the limited information provided in a grant application, foundations should give money to organizations that they already know. This suggests three potential mechanisms through which foundations gather information about nonprofits: 1) prior experience; 2) recommendation by a board member; and 3) signaling through other foundations.

If a foundation has made a grant to a nonprofit in the past, it knows the extent of that project's success (especially considering that many foundations ask for a final report on the outcomes of the grant), as well as the nonprofit's quality as a partner organization. A recommendation from one of the board members can also be a source of information for the foundation. The recommendation is likely to carry more weight if the trustee himself or herself sits on the board of the nonprofit and therefore is privy to information about its internal operations. A nonprofit could also signal its quality to the population of foundations by having a trustee from any foundation serve on its board. The rationale is that the nonprofit assumes that foundation trustees are a tight-knit community and having any one of them on

[1] Among social ties, it seems that a distinction could be made between "personal" ties and "professional" ties, between people who know each other socially as friends and people who know each other through their work, for instance if they have worked together or attend the same conferences in their professional capacity. It would probably be difficult to distinguish between the two however, as work relationships can become friendships as well.

its board tends to signal that the nonprofit is deemed to have high-quality programs.

4.2 Boads of Trustees as Connections

The previous section mentioned personal ties or connections several times. But what constitutes a personal tie or connection between a nonprofit and a foundation? In this paper, I focus exclusively on board interlocks (also known as "interlocking directorates") and key staff connections (for instance, if the director of a nonprofit is on the board of a foundation or vice versa).[2][3] Two organizations are considered to be tied if at least one individual is sitting on both organizations' board of trustees or is a key employee of one organization and a trustee of the other. I am interested specifically in foundation-nonprofit ties (see hypotheses below).

The literature on nonprofits tends to focus on the board of trustees in two different contexts: 1) organizational effectiveness, i.e. how does the board of trustees contribute to the overall performance of the organization (Bradshaw et al., 1992; Nobbie & Brudney, 2003); and 2) representativeness, i.e. what does it mean for the organization if the composition of the board is reflective of the general population, of the organizations stakeholders, or is mostly composed of professionals and experts (O'Regan & Oster, 2005; Abzug & Galaskiewicz, 2001). Some of the literature merges the two contexts, suggesting that board composition can impact organizational effectiveness and efficiency (Callen et al., 2003). In all of these cases, the board of trustees is examined in terms of its role within a singular organization. In this paper, however, I suggest that the board of trustees should be studied not only as a component of a single organization, but also as a transmission mechanism for information

[2]Data for this research are gleaned from tax filings. Only "key staff" such as highest paid employees and executive personnel tend to be listed.

[3]Many other types of ties or connections exist, but will not be discussed in this paper. Examples include: an employee who has worked for both a nonprofit and a foundation; a nonprofit that has collaborated or is collaborating with another nonprofit or foundation on a project; and a hyperlink on one organization's website to the website of another organization in the network.

between organizations.

The board interlock literature in management has demonstrated that corporate executives often use boards of directors as mechanisms to import and export various ideas, practices, and innovations from one firm to another. But do we have any evidence that the board interlock literature can be applied to the nonprofit context? Are there even nonprofit-to-foundation board interlocks? Moore et al. (2002) conducted a study of board interlocks among the largest 100 Fortune 500 corporations, 50 largest charitable organizations, 50 largest foundations, 12 prominent policy organizations, and all federal advisory committees in 1998. They found that, although nonprofits' density of interlocks was very limited compared to corporations, at least some of the boards of directors of charitable organizations were interlocked with firms, foundations, policy organizations, and other nonprofits. Hoffman & Bertels (2007), in a study of board interlocks between environmental NGOs, corporations, and foundations, established that ties among environmental NGOs and between NGOs and foundations had increased from 2000 to 2005. The two authors also discovered that, although ties with corporations and foundations were important for a majority of NGOs, more than 40% did not maintain ties with either type of organization. Are NGOs/nonprofits which maintain board ties with foundations more likely to receive foundation grants? I argue that they do. The following section details my hypotheses.

4.3 Research Propositions

What are the mechanisms through which a board interlock between a nonprofit and a foundation could result in more grants for the nonprofit? First, the board interlock can serve as a source of information. Foundations must choose grantees based on limited information. Grant applications generally ask for a nonprofit's mission/vision, its financials, a list of its trustees and employees, maybe a summary of past achievements, as well as a description, detailed budget and timeline for the project for which it is requesting funding. Nonprofits

possess a lot more information about themselves than what they share with the foundation. Much like a prospective employee interviewing for a new job, nonprofits have an incentive to appear in the most positive light possible to the foundation, which creates incentives for them to withhold information that would make them appear less appealing. This can be interpreted as a principal-agent problem where the agent (the nonprofit) may not reveal its true preferences to the principal (the foundation). Anticipating this strategic behavior, the principal can be expected to employ mechanisms to screen agents with the objective of uncovering their true preferences.

Suppose the foundation has a trustee who also serves as a trustee of the nonprofit. The foundation may believe that this individual will be privy to the nonprofit's private information. If so, this individual can help the foundation uncover the "true preferences" of the nonprofit. The trustee is able to provide evaluative information about the nonprofit on subjects that may not be easily examined through a grant application. For instance, the trustee is likely to know more about the employees/volunteers and the dynamics within the team, recent changes within the organization, the overall performance of the organization (as opposed to carefully selected highlights), and so on. As such, a board interlock can reduce the foundation's information deficit. If the information uncovered via a trustee is positive (or at least not negative), the foundation will be more likely to choose this specific nonprofit over another. However, the foundation may be less likely to select this nonprofit for a grant if it uncovers unflattering information that a nonprofit was seeking to hide.

One assumption here is that the trustee will reveal all relevant information, and not just information that shows the nonprofit in a good light, which by extension reflects well on the trustee himself/herself. I argue that there are two reasons why a trustee is "trusted" by others on the foundation board: 1) the trustee's duties of loyalty, care and obedience, and 2) the trustee's ability to monitor the nonprofit after a grant has been made. First, trustees have three basic legal duties: loyalty, care and obedience (Ostrower & Stone, 2006;

Mulreany, 1965, see also *Model Business Corporation Act*). Loyalty means that trustees will serve the best interest of the foundation, and not their own self-interest or others' interest. Care means that trustees will manage the organization prudently by doing their best to make informed decisions and exercise independent judgment. Obedience means that the trustees must be true to the foundation's mission. Based on these three principles, fellow board members can be confident that if a trustee provides information about a nonprofit, s/he is doing so in the best interest of the foundation, not for personal gain or without proper consideration.[4] A trustee of the foundation, unlike any other contact or acquaintance who may have recommended a nonprofit for a grant, is supposed to have the success of the foundation as his/her main priority. As such, the board may be more inclined to make a grant to the nonprofit.

In addition, the board may be more likely to trust a fellow trustee's information because the trustee in question, through his/her membership on the nonprofit's board, has the ability to monitor progress on the grant. The trustee also has an incentive to monitor the grant because his/her reputation at the foundation is now connected to the grant's success. In sum, a nonprofit-foundation board tie makes it more likely for that foundation to make a grant to the nonprofit because it has more information about this specific nonprofit than about other nonprofits, the information originated from a source that can credibly argue they have the foundation's best interest as a priority, and this source has the ability and willingness to follow up on the grant to ensure a successful outcome.

Yet, the power of social ties may extend beyond the direct nonprofit-foundation relationship via a shared trustee. Having a connection in one foundation may also make the nonprofit more likely to receive a grant from another foundation. New institutionalists argue

---

[4]Foundations (and nonprofits more generally) should have a conflict-of-interest policy. Although the IRS does not require it, it encourages it. Some state nonprofit laws (e.g. New York State) include provisions on conflicts of interest. Trustees should disclose all potential conflicts of interest to the board and any transaction that involves a conflict of interest should be approved by a majority of the disinterested members of the board.

that organizations tend to become increasingly similar (isomorphism) because they are trying to conform to "institutionalized myths" of what is considered appropriate for an organization such as theirs to retain legitimacy (DiMaggio & Powell, 1983; Meyer & Rowan, 1977). Foundation staff and officers are members of the same professional associations (and many have a similar formal education), attend the same conferences, and hire the same people over time, which should make them increasingly similar (what DiMaggio & Powell (1983) refer to as "normative isomorphism"). There are several mechanisms through which professional networks across foundations can help nonprofits. If trustees at Foundation A see that their colleagues at Foundation B funded a certain nonprofit, they may be more likely to fund it as well (which goes back to the argument that Galaskiewicz & Wasserman (1989) made about corporate giving officers trusting giving officers in other companies). If a trustee has links to both a foundation and a nonprofit, s/he may use foundation networking events to spread the word about his/her nonprofit.

Trustees can also share their knowledge with nonprofits: guiding them toward foundations that are more likely to be interested and giving them tips on how to write grant proposals or how to approach foundations. As such, trustees are playing two information roles. On the one hand, they are reducing the foundation's information problems about the true preferences and competencies of the nonprofit (solving agency problems). On the other hand, they are reducing the nonprofit's information problems by guiding them to appropriate foundations and making recommendations for grant applications (solving selection problems). In sum, because foundations are part of the same professional networks and share a set of common norms and behaviors, a connection in a different foundation can lead to grants. Therefore, I hypothesize that:

Hypothesis 4.3.1 *All else equal, if a nonprofit has a tie (or more) to a foundation, it is more likely it is to receive grants from this foundation.*

Hypothesis 4.3.2 *All else equal, the more board ties a nonprofit has to foundations, the more likely it is to receive grants from foundations generally.*

However, I do not expect all board ties to be created equal. Indeed, I hypothesize that type of foundation – community, corporate, family, or independent – will influence the likelihood of relying on professional connections when making grant decisions. Community foundations tend to include prominent community members on their board of trustees. Corporate foundations tend to have executives from the parent corporation sit on their board. Family foundation trustees will usually be family members (although they usually include a few independent trustees), while independent foundation trustees will tend to be independent.

In 2008, only 12% of family foundations with at least $1 million in assets or making grants of $100,000 or more reported having paid staff (Council on Foundations, 2010). Because so many of them do not rely on staff and thus do not have the resources to examine large numbers of grant applications, I expect that family foundations depend more on the contacts of trustees to find potential grantees. Moreover, according to a survey by the Council on Foundations (2002), 48% of family foundations allow trustees to allocate discretionary grants (i.e., grants that are made at the discretion of a trustee and do not require approval by the full board), compared to 26% of foundations overall. Thus, I hypothesize that:

Hypothesis 4.3.3 *All else equal, the more board ties a nonprofit has to foundations, the more likely it is to receive grants from family foundations.*

On the other hand, community foundations rely on donations from the general public rather than an endowment, which means that they are subject to public scrutiny. As such, I expect them to be less influenced by social connections when making grant decisions. To avoid accusations of conflicts of interests or of favoritism, they are likely to "investigate" nonprofits with direct ties to the board even more thoroughly than other nonprofits. At the extreme, they may shy away entirely from funding nonprofits with direct ties to the board.

Grønbjerg et al. (2000) found that community foundations tend to have quite formal, multistage review processes for grant proposals, regardless of the size of the foundation, which implies that board connections should have little to no effect on which grantees are ultimately selected. One of their respondents, when asked specifically about board members' connections, answered that "it was extremely rare for board members to interfere in the review process. On the few occasions when this had happened, the results had been disappointing" (Grønbjerg et al., 2000, p. 31). Therefore, I hypothesize that:

Hypothesis 4.3.4 *All else equal, the number of board ties a nonprofit has to foundations should have no effect on its likelihood of receiving grants from community foundations.*

As far as independent and corporate foundations are concerned, I do not have specific expectations. They tend to be more professionalized than family foundations, and as such may not need to rely as much on information from their trustees. Yet, compared to community foundations, they are less likely to be the object of public scrutiny, and so may be less reluctant to use social connections if need be.

Although this chapter is concerned with how ties between nonprofits and foundations affect nonprofits' funding prospects, I would argue that it is important to assess the power of ties between nonprofits as well. Nonprofit-to-nonprofit board ties may do two things: they may help nonprofits learn to become more effective grant seekers and they may send a positive signal to foundations. First, the board interlock literature would predict that board ties help diffuse best practices through the population of organizations. As such, nonprofits with strong grant seeking skills may be transferring them through board interlocks (purposely or not), helping other nonprofits to secure more grants as well. Second, foundations value cooperation among nonprofits because they are concerned about duplication of services and inefficiency. Foundations may see board interlocks between nonprofits as a signal that they are sharing best practices and working together to help each other reach their goals. Like corporations with their business environment, interconnected nonprofits are also likely to

have a better understanding of the general environment and needs in their area of expertise (Useem, 1984), which foundations consider critical information. This leads to the last hypothesis:

Hypothesis 4.3.5 *All else equal, the more board ties a nonprofit has to other nonprofits, the more likely it is to receive grants.*

4.4 Data and Methods

To test these hypotheses, I conducted interviews with officials from seven Washington State foundations (see chapter 3 for more information on the foundations). I also conducted a quantitative analysis using data from foundations' annual reports and tax filings. Using the *Washington Foundation DataBook*, I selected all Washington State foundations making grants deemed "international" (e.g. projects related to international affairs, peace and conflict, cross-country student exchanges, etc.). Limiting the sample to "international" grants allows me to control for potential differences across subject areas. For instance, one might expect some sectors to have a more tight-knitted community than others, which would probably result in more foundation-nonprofit ties than average for those sectors (maybe the arts could be such an example). The "international" sector is interesting because of the geographical distance between foundations in the United States and the ultimate beneficiaries of the services provided by nonprofits. That distance is an obstacle to direct donor monitoring, which means that foundations may have to rely on other signals to choose nonprofit grantees. As a result, I expect that some nonprofits will receive grants because of a relationship with grantmakers, be that through past grants, board ties, and so on.

The *Washington Foundation DataBook* provides, for each foundation, a list of nonprofit recipients of grants deemed international for fiscal year 2011.[5] This analysis examines all

[5]The *Washington Foundation DataBook* takes all the grants listed in each foundation's tax filing (Form 990 or 990-PF) and categorizes them into sectors such as: animal-related activities, arts, culture, and hu-

nonprofit recipients from that list that are located in the Western continental United States.[6] Their geographical proximity to Washington foundations suggests that they would be more likely to share board members than nonprofits located elsewhere in the U.S. Nonprofits from outside the United States are not included here because information on the board of directors was not available for most of them (their country does not make tax filings public and/or they do not have a website and/or data for 2011 is no longer available on their website). Once I compiled the list of WA foundations and nonprofit recipients names, I collected tax filings for each of them for fiscal year 2011 to gather the names of their current trustees and key staff members (Form 990 asks for the five highest paid employees and many organizations also include members of the executive on the board).

Ideally, to test for the impact of board ties on grants, we would also include nonprofits that have applied unsuccessfully for foundation grants in the analysis. Because information of unsuccessful grant applications is not publicly available, I included a set of matched nonprofits that, according to tax fillings, had not received grants from the sample foundations in 2011. Similarly to McGinnis & Ashley (2011), the matching criteria were the following: the nonprofit had to rely on some donation income, had to fit the same priorities as the matched grant recipient (NTEE-CC codes), and had to be located in the same county as the matched grant recipient. Matching was done using data from the National Center for Charitable Statistics (NCCS). Nonprofit size was not included as one of the matching criteria because I did not want to choose my sample using a variable that could be affected dramatically by the dependent variable in this study, foundation grants.

The main dependent variable is the total value of grants received by each nonprofit in

---

manities, disease, disorders, and medical disciplines, education, environmental quality and protection, food, nutrition, and agriculture, human services, international, medical research, philanthropy & volunteerism, religion and spiritual development, and so on. Tax filings of nonprofits do not provide any information on foundation grants they have received. This information is only available from foundations.

[6]This includes all nonprofits located in Washington, Oregon, Idaho, Montana, Wyoming, California, Nevada, Utah, Colorado, Arizona, and New Mexico.

one year (2011) from the foundations in the sample. The main independent variable is the number of ties (board or key staff, as revealed by tax filing) between a given nonprofit and foundations. Control variables include the nonprofit's other revenues (total revenue minus amount in grants received from the sample foundations), "age" (i.e., 2011 minus the year it was granted 501(c)(3) status by the Internal Revenue Service), whether the grant value includes "matching grants" (grants that a foundation or corporation makes to "match" the value of employees' charitable donations to a specific organization), and prior grants. The "matching grants" variable is significant because we should not expect board ties to have any effect on such grants; the board has no control over them. The "prior grants" variable is significant because it indicates a different type of connection/source of information for the foundation: the nonprofit has previously demonstrated its effectiveness to the foundation.

If any two organizations have the same individual as a trustee or key staff member, that connection is recorded as a "1" in the data, indicating a tie between them. As mentioned above, lists of board of trustees and key staff appear in tax filings. One difficulty is that different individuals may have the same name, while the same individual may be listed with slightly different names (e.g., with and without middle name or initial). To confirm all matches, I used online searches and online databases such as *LinkedIn*. A second limitation of this approach is that only a few key staff members, if any, are usually listed on tax fillings. In the future, I plan to contact organizations directly to obtain a full listing of staff members.

These data only provide a slice of information at one point in time: 2011. To create a more complete picture of the networks in the sector, I would need to contact each trustee/key staff for each foundation/nonprofit and ask them for their history: have they volunteered regularly for a nonprofit in the past? Have they been or are they currently on other boards of trustees? Have they worked for a nonprofit or foundation before? Because my starting point is a defined list of organizations in a defined geographical region in a specific year, information about prior connections and connections outside of Washington State is not

easily traceable.

4.5 Descriptive Statistics

The sample includes 6 corporate foundations, 68 family foundations,[7] 33 independent foundations, and 5 community foundations for a total of 112 foundations making "international" grants to nonprofits located in the Western United States (WA, OR, ID, MT, WY, CA, NV, UT, CO, AZ, NM). It also includes 100 out of 108 nonprofits that received at least one international grant from at least one of these foundations[8] and 96 matched nonprofits that did not (no suitable match was found for four of the nonprofits).

On average, according to their tax filings, the foundations in the sample have 4.6 people on their board and 0.08 key staff member (I could not find comparable information for foundations at the national level). They gave an average of $220,535 in grants in 2011, compared to the national average of approximately $600,000 (Lawrence, 2012). Nonprofits in the sample have on average 9.4 trustees on the board and 2 key staff members with an average revenue of $17.7 million. If we look only at nonprofits that have received grants, they tend to have more trustees (11.8), more staff (2.5) and higher revenues ($34 million). They received on average $244,794 in grants from foundations in the sample in 2011. Table 4.1 provides more details.

Table C.1 in Appendix C shows all the foundation-to-nonprofit ties for the sample, starting with the name of the individual, his/her foundation ties, and finally his/her nonprofit

---

[7]The *Washington Foundation DataBook* classifies family foundations under the "independent" category. Following McGinnis & Ashley (2011), I considered a foundation to be a family foundation if 50% or more trustees were members of the family. This determination was based on the family names of trustees, and as such I may be underestimating the number of family foundations in cases where relatives may have different surnames.

[8]Information was unavailable for eight nonprofits, either because their name could not be located in any nonprofit database, they had ceased to exist, or were not required to file taxes. 177 nonprofits from other U.S. states and 308 organizations from outside of the United States were not included. At least 60 of the 308 non-U.S. organizations were universities and 12 were governmental agencies.

	N	Mean	St. Dev.	Min	Max
Board size (foundations)	112	4.563	4.785	1	32
Staff size (foundations)	112	0.080	0.602	0	6
Total grants given (foundations)	112	220,535	1,809,531	50	19,065,113
Board size (nonprofits)	196	9.423	9.673	0	85
Staff size (nonprofits)	196	1.978	0.638	0	13
Total revenue (nonprofits)	196	17,690,000	95,280,526	592	1,056,000,000
Board size (NPO recipients)	100	11.812	12.29	2	85
Staff size (NPO recipients)	100	2.525	1.08	0	13
Total revenue (NPO recipients)	100	34,080,000	131,625,993	4,808	1,056,000,000
Total grants received (NPO recipients)	100	244,794	773,927	95	5,578,681

Table 4.1: Descriptive statistics on board and grants

ties. Tables C.2 and C.3 show foundation-to-foundation and nonprofit-to-nonprofit ties respectively. Figure 4.1 presents a graphical representation of these trustee/staff ties. Pink nodes represent foundations and blue nodes represent nonprofits. A greater edge width between two nodes signals more ties between the two organizations. 59 of the 308 organizations in the sample have at least one trustee or staff connection and are represented in the figure. Of those, 25 are foundations, 26 are nonprofit grant recipients, and eight are matched nonprofits that have not received a grant from foundations in this sample (Alex Lowe Charitable Foundation, For His Children, Food for Orphans, Media for Development International, Upaya Social Ventures, Society for Japanese Studies, Vittana Foundation, and Ploughshares Fund). [9]

Figure 4.2 illustrates grants from foundations to nonprofits in the sample. As such, none of the matched nonprofits appear in this figure (since they were chosen specifically because they had not received any grant). Most organization names are omitted to improve readability. One can observe clusters of nonprofit grantees around the Bill and Melinda Gates Foundation, the Seattle Foundation, and Seattle International Foundation, as they are the top three grantmakers in terms of number of grantees they support. The Gates and Seattle International foundations are also in the top three in terms of total monetary amounts, along with the Russell Family Foundation. As far as nonprofit grantees are concerned, Mercy Corps, Medical Teams International, and Global Partnerships received grants from the greatest number of foundations while International Development Enterprises and Project Concern International join Mercy Corps as the top earners despite the fact that they each

[9]To have a point of comparison, I also examined ties between WA foundations that made international grants and their nonprofit grantees in 2009 (no matched nonprofits in that case). 46 of the 199 organizations in the sample have at least one trustee or key staff connection. Of these, 24 are foundations and 22 are nonprofit grant recipients. If we exclude ties with matched nonprofits (i.e. those that did not receive grants) in 2011, there are 31 individuals sitting on the boards of at least one nonprofit and one foundation, two foundations, or two nonprofits. In the 2009 sample, 47 individuals were involved in such ties. 16 individuals are the same in both years. Interestingly, even if the number of ties is quite a bit higher in 2009, the number of foundation-to-nonprofit ties is exactly the same in both years (17), which means that there were more foundation-to-foundation and nonprofit-to-nonprofit ties in the 2009 sample.

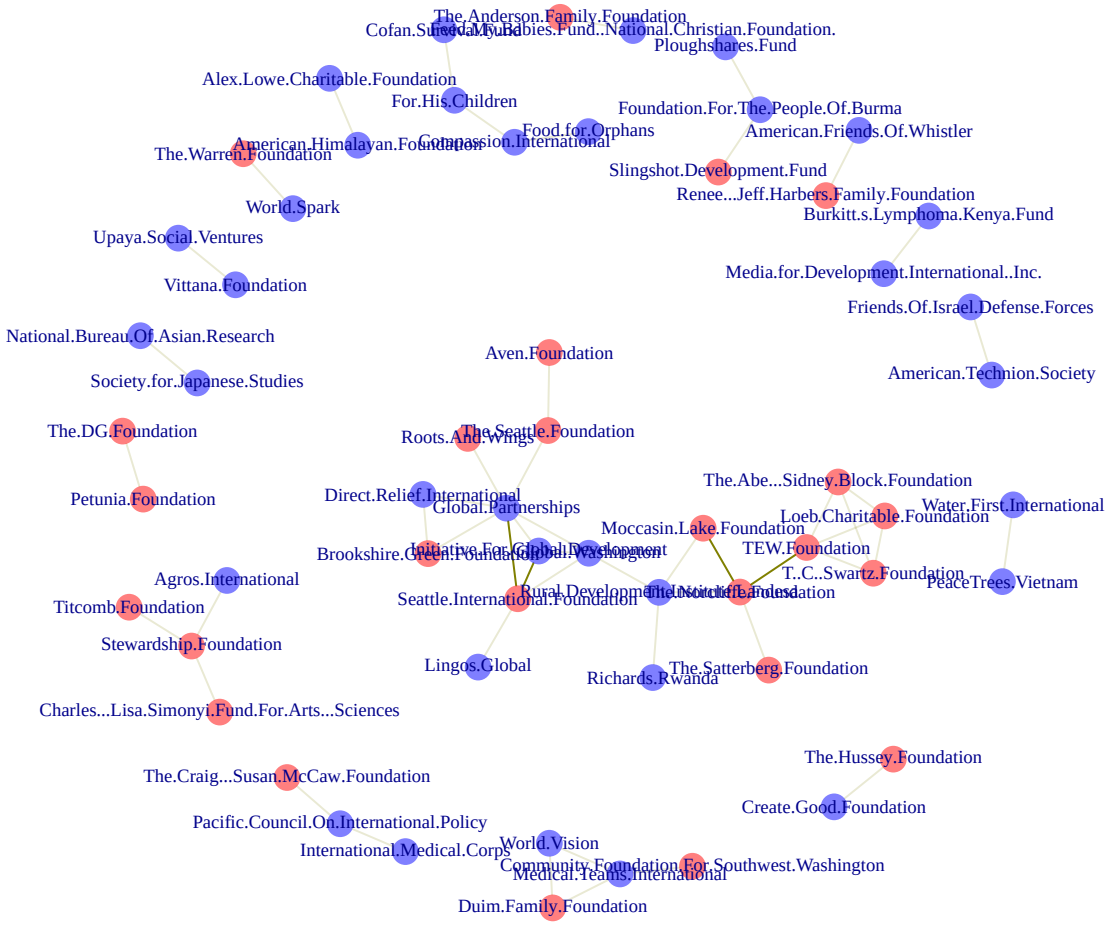

Figure 4.1: Ties between foundations and nonprofits in the sample (foundations = pink; nonprofits = blue). Graph produced using the package **igraph** in the R environment.

received grants from only one foundation (both received large sums from the Bill and Melinda Gates Foundation).

4.6 Results

4.6.1 Are well-connected nonprofits more likely to receive grants?

Now that we are better acquainted with the data, let us return to the question that motivated this paper: are well-connected nonprofits more likely to receive grants overall? First, I estimated logistic regression models with a dichotomous indicator (grant or no grant from foundations in the sample) as the dependent variable. Model 1 tests if ties to foundations more generally lead to a higher likelihood of being awarded a foundation grant (H2). Model 2 tests if ties to foundations generally lead to a higher likelihood of receiving grants from family foundations (H3). Model 3 tests if ties to family foundations specifically lead to a higher likelihood of receiving grants from family foundations. Model 4 tests if ties to foundations generally lead to a higher likelihood of receiving grants from community foundations (H4). Model 5 tests if ties to community foundations specifically lead to a higher likelihood of receiving grants from community foundations. First, regression results show that, in most cases, nonprofits with more other revenues are more likely to get grants, which makes sense considering that many foundations look for organizations that can sustain themselves independently of their grants. Nonprofits that received grants from foundations in the sample in 2009 are also more likely to get a grant, as expected. On the other hand, as table 4.2 shows, in three out of five models, nonprofit-to-foundation ties are not statistically significant. The standard errors are suspiciously large in models 1, 3 and 5 however. Upon further investigation, one realizes that all foundation-to-nonprofit ties present in the data are between foundations and nonprofits that did receive grants. Thus, the seemingly insignificant relationship is the result of a limitation of logistic regression in perfectly predicted data. Although the statistical analysis is inconclusive, the fact that there is no tie at all between

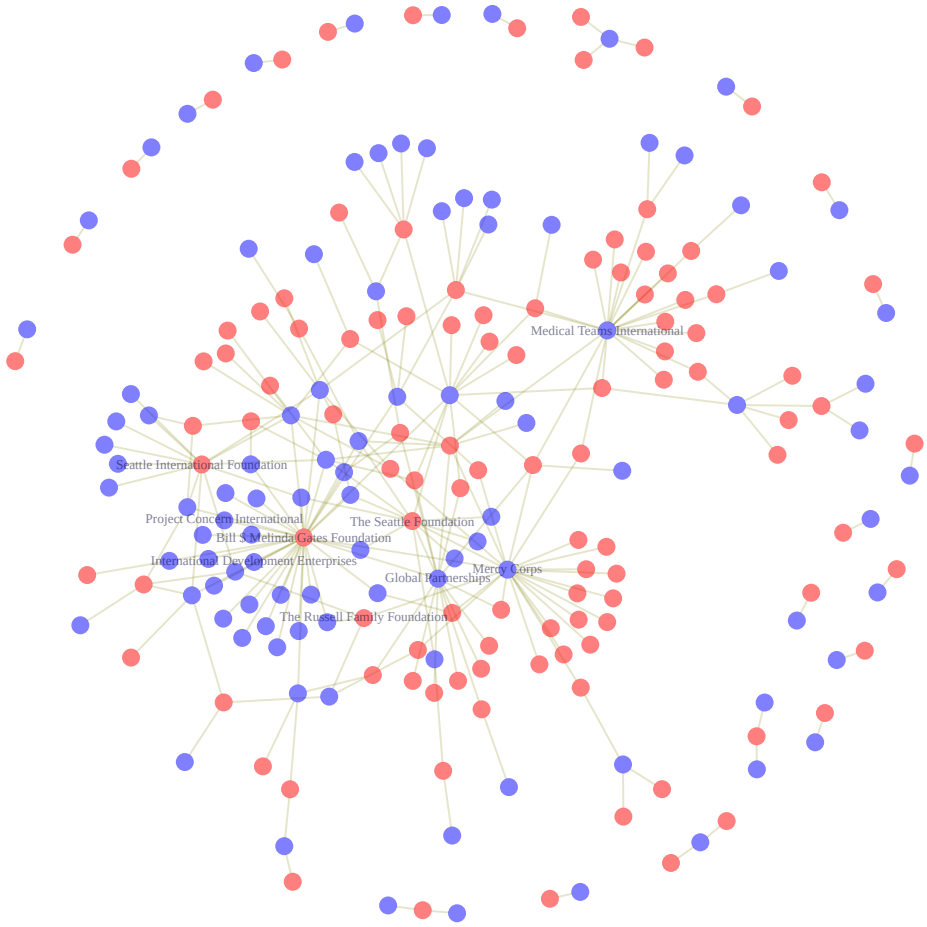

Figure 4.2: Grants from foundations to nonprofits in the sample (foundations = pink; nonprofits = blue). Graph produced using the package **igraph** in the R environment.

sample foundations and the matched nonprofits seems to be an indication that connected nonprofits are indeed more likely to receive foundation grants overall.

	Dependent variable (2011):				
	All grants	Family found. grants		Comm. found. grants	
	(1)	(2)	(3)	(4)	(5)
Other revenue (logged)	0.357***	0.288***	0.311***	0.192	0.179
	(0.113)	(0.110)	(0.111)	(0.139)	(0.138)
Age	0.017	0.030	0.026	−0.054*	−0.039
	(0.018)	(0.019)	(0.019)	(0.032)	(0.031)
Ties to foundations	17.330	1.602*		1.475**	
	(1,075.548)	(0.914)		(0.713)	
Ties to family found.			17.828		
			(1,500.050)		
Ties to community found.					18.609
					(1,692.282)
Ties to nonprofits	−0.814	−0.919	−0.491	0.069	0.088
	(0.747)	(0.749)	(0.637)	(0.631)	(0.645)
Prior grants (2009)	4.353***	2.333***	2.311***	0.294**	0.333**
	(1.066)	(0.429)	(0.420)	(0.143)	(0.133)
Constant	−5.450***	−5.737***	−5.986***	−4.460***	−4.437***
	(1.365)	(1.365)	(1.384)	(1.650)	(1.646)
Observations	196	196	196	196	196
Log Likelihood	−78.665	−75.497	−74.351	−56.654	−54.224
BIC	188.999	182.663	180.371	144.976	140.116

Note: $^{***}p < 0.001$, $^{**}p < 0.01$, $^{*}p < 0.05$

Table 4.2: Logistic regression results: Is there a relationship between being tied to a foundation and receiving grants?

That finding leaves us with another question though: which came first, board tie or

foundation grant? The assumption presented here is that nonprofits will attempt to make connections with foundations in order to have a better chance of receiving funding in the future. But it may also be the case that the opposite happens: a nonprofit receives a grant from a foundation and then decides to add a person from the foundation on its board because of this person's expertise. Because the statistical analysis presented above only examines a cross-section of data in 2011, it cannot address this possible reverse relationship. To alleviate this issue, I have gathered tax filings, annual reports, grant data from the Foundation Center's *Foundation Directory Online* and information available on the web to examine grants received prior to 2011 and individuals involved in ties from the 15 nonprofits in this dataset that have both a tie and at least one grant. I describe findings for five cases below.

Agros International received grants from 13 foundations in the sample in 2011. It also has a board tie to the Stewardship Foundation through Chi-Dooh Li. Mr. Li founded Agros International more than 30 years ago and joined the board of the Stewardship Foundation in 2010. The Foundation had been supporting Agros International continuously since at least 2002, which seems to indicate that foundation funding did not result from the board connection. At least half of the other foundations which made grants to Agros in 2011 had done so between 2003 and 2011 as well.

American Friends of Whistler received grants from 3 foundations in the sample in 2011. Renee Harbers has been on its board and on the board of the Renee & Jeff Harbers Family Foundation since 2007 (she founded the foundation in 2007 after her husband's death). The Barton Foundation made grants to American Friends before Ms. Harbers joined the board. The John C. & Karyl Kay Hughes Foundation made grants to American Friends 2010 and 2011. The Harbers Family Foundation only made a grant in 2011 to open a center in Renee's late husband's name (no other grant to the organization before or after that). As such, the board tie clearly preceded the grant for the Harber Family Foundation, but not necessarily

for other foundations in the sample.

In 2011, the Create Good Foundation (formerly Pura Vida Partners) received a grant from one foundation in this sample, the Hussey Foundation, with which it also shares a trustee, Jeffrey Hussey. The Hussey Foundation invested in Pura Vida Coffee and made its first grant to Pura Vida Partners in the 2005 fiscal year. Unfortunately, information about trustees for Pura Vida Partners is not available for 2005 or 2006. However, Jeffrey Hussey is listed as board member in 2007 and beyond. In 2009, Mr. Hussey took control of Pura Vida Coffee, the company formerly owned by Pura Vida Partners, and split the nonprofit entity (now renamed Create Good Foundation) from the corporation. Since tax filings from 2005 and 2006 are missing, we cannot tell if the board tie or grants came first, but the evidence in this case leads me to believe that the connection (Jeffrey Hussey) preceded the grants received by the Create Good Foundation.

Direct Relief International received grants from four foundations in this sample in 2011. The smallest ($450) was an employee matching grant from the Bill and Melinda Gates Foundation and the largest ($10,250) was from the Brookshire-Green Foundation, with which Direct Relief shares a trustee: Dr. Bert Green. Dr. Green joined the board of Direct Relief in the 2004 fiscal year. The Brookshire-Green Foundation had not made grants to Direct Relief in 2002 or 2003, but made a grant of $1,000 in 2004, followed by grants of $20,000 in subsequent years. Again, the timing seems to suggest that grants did not precede the social connection. Both the Bamford Foundation and CSM Foundations, the other two grantmakers, made their first grant to Direct Relief International in 2011, for the Japan earthquake and annual support respectively. The Bamford Foundation had made disaster-related grants in previous years, but never to Direct Relief International. Personal connection do not appear to have a role to play in this grant. The CSM Foundation had focused on domestic causes in previous years (e.g., education, curing diseases, etc.).

The “Feed My Babies Fund,” from the National Christian Foundation (NCF) received

support from the Luke 12:48 Foundation in 2011. Andrew Toles, a trustee of NCF, was also a trustee of the Anderson Family Foundation, a foundation in this sample, in that year. The grant from the Luke 12:48 Foundation was the first to NCF since the Foundation's creation in 2007. Much larger grants followed in 2012 and 2013. Since Mr. Toles had been the secretary on the board of trustees of the Anderson Family Foundation since 2008 and the Anderson Family Foundation did not make grants to NCF in that period, there appears to be no direct link between these organizations. The one common characteristic of the Luke 12:48 Foundation and Anderson Family Foundation is that they both make grants to Christian nonprofits, but according to their tax filings the Anderson Family Foundation maintained grants to the same organizations year after year (and that did not include NCF, as mentioned above).

In sum, these five cases show a variety of possible relationships. In two cases, grants did not appear to result from board ties (in one case, the board tie happened after grants were made, and in the other case, the board tie appears to be irrelevant). The three other cases suggest that board connections were made first, and then the foundation started giving to the nonprofit, in line with the theoretical argument made here.

4.6.2 Among nonprofits receiving grants, are well-connected ones likely to receive more money?

In a second set of models, I estimated ordinary least squares (OLS) regressions on the subset of nonprofits that received grants to find out if there was a relationship between the dollar amount of grants they received and board ties. In table 4.3, the dependent variable is the total dollar value of international grants received from sample foundations by each nonprofit (logged). Nonprofits that receive a smaller percentage of "matching grants" tend to receive more grant dollars. Intuitively, this makes sense since matching grants tend to be small (because they match employees' donations). The number of grants received from the same

foundations in 2009 is positively associated with grant amount and is statistically significant. More repeat grants leads to more money. However, nonprofits that had received grants in 2009 but did not receive grants from those same foundations in 2011 see their amount of money decrease.

Ties to foundations more generally (model 4) and to community foundations specifically (model 5) have a positive effect on the value of grants from community foundations (but one should interpret the results cautiously with an N of 24). This result is interesting. I would personally have expected that foundations would use their connections to discriminate between nonprofits they can "trust" and other nonprofits, but that connections would have been secondary when determining grant amounts. In other words, once you know that an organization has the capacity to succeed, you can determine the value of the grant based on the project description, and not on the characteristics of the nonprofit itself. This reasoning, however, is based on the assumption that the board is considering an application in two discrete steps (Should we fund this nonprofit at all? How much should we give it?), which probably does not reflect reality. If a foundation is confident that a nonprofit has the capacity to implement a project, it might make a larger grant. On the other hand, if the nonprofit has not yet proven itself to the foundation directly, the grant might be smaller. In that sense, board interlocks would affect grantee selection and grant amounts simultaneously. The evidence presented here seems more consistent with the second position: a tie to a foundation not only allows easier access in the "first stage," but also seems to result in more funds for the nonprofit, at least in the case of community foundations.

4.6.3 Two-step model

In the two previous sections, I assumed that that the two estimations (1. the decision to grant, and 2. the grant amount) are independent: their error terms are uncorrelated. Since this assumption is likely to be incorrect (i.e. the error terms are probably correlated), I

	Dependent variable (2011):				
	Total dollar value	From fam. found.		From comm. found.	
	(1)	(2)	(3)	(4)	(5)
Other revenue (logged)	0.243**	0.235	0.202	0.119	0.093
	(0.097)	(0.150)	(0.145)	(0.153)	(0.140)
Age	−0.021	−0.003	−0.004	−0.035	−0.028
	(0.017)	(0.025)	(0.025)	(0.031)	(0.028)
Ties to foundations	0.433	0.481		0.446*	
	(0.360)	(0.482)		(0.243)	
Ties to family found.			0.743		
			(0.976)		
Ties to community found.					0.952**
					(0.354)
Ties to nonprofits	0.423	0.202	0.433	−0.181	−0.085
	(0.461)	(0.654)	(0.579)	(0.425)	(0.342)
% not matching grants	2.751***	2.184***	2.262***	1.145	0.602
	(0.501)	(0.725)	(0.720)	(1.629)	(1.509)
Number of grants in 2009	−0.352**	−0.346*	−0.321	−0.187*	−0.200**
	(0.153)	(0.197)	(0.195)	(0.102)	(0.093)
Number of grants from same foundations in 2009	0.919***	0.872**	0.865**	0.356*	0.396**
	(0.264)	(0.338)	(0.346)	(0.176)	(0.162)
Constant	3.805***	3.751*	4.125**	7.348**	8.069***
	(1.216)	(1.909)	(1.861)	(2.990)	(2.756)
Observations	100	66	66	25	25
R^2	0.490	0.392	0.387	0.369	0.470
Adjusted R^2	0.451	0.318	0.313	0.109	0.252

Note: $^{***}p < 0.001$, $^{**}p < 0.01$, $^{*}p < 0.05$

Table 4.3: OLS regression results: Among nonprofits which received grants, is there a relationship between the dollar amount of grants they received and board ties?

also estimate the regressions using a Heckman selection model. Tables 4.4 and 4.5 show the results of each part of the two-step process in turn.

When comparing to the original regression results, we note that the significance levels in general tend to be lower for the Heckman models, as we should expect. The coefficients, however, remain very similar. Since the focus of this piece is on the influence of board interlocks on foundation grants to nonprofits, the one key difference to note is that the "ties to foundations" indicator completely loses its significance in the regression on the amount of dollars nonprofits will receive from community foundations when using the Heckman model (see model 4 in tables 4.3 and 4.5 to compare), leaving only one specification out of five where board ties appear to matter significantly for grant amounts.

4.6.4 Qualitative analysis

In my interviews with Washington State foundations, I asked a broad question: "If someone at a nonprofit knows someone from your foundation, if they have a contact, does that give them an advantage when they seek a grant?" Although the question does not mention board interlocks specifically, it can still provide insights about whether grantmaking is a two-stage process as suggested by Grønbjerg et al. (2000). If these scholars are correct, nonprofits that are already part of the foundation "network" should be more likely to receive grants than nonprofits that foundations do not know. Foundation representatives gave a variety of responses to this question from both ends of the spectrum. The respondent from the corporate foundation explained that they tried actively not to take social connections into account when making grants: "Maybe there is an [employee] who's on the board of that nonprofit or maybe there is a key customer that volunteers or that is a strong advocate for that agency. We've actually taken the position of trying to put a clear line of demarcation between our philanthropic efforts and our efforts as a business. So we try to not let that influence our decision." So they might involve that individual in a conversation or ask them

	Dependent variable (2011):				
	All grants	Family found. grants		Comm. found. grants	
	(1)	(2)	(3)	(4)	(5)
Other revenue (logged)	0.211***	0.169***	0.187***	0.095	0.109
	(0.066)	(0.063)	(0.065)	(0.072)	(0.072)
Age	0.011	0.016	0.015	−0.027*	−0.022
	(0.011)	(0.011)	(0.011)	(0.015)	(0.015)
Ties to foundations	6.491	0.895*		0.970***	
	(2,001.673)	(0.544)		(0.369)	
Ties to family foundations			6.995		
			(1,860.214)		
Ties to community foundations					6.907
					(1,768.177)
Ties to nonprofits	−0.481	−0.413	−0.237	0.075	−0.022
	(0.387)	(0.392)	(0.351)	(0.324)	(0.344)
Number of grants in 2009	2.379***	1.376***	1.364***	0.168**	0.180**
	(0.510)	(0.244)	(0.239)	(0.074)	(0.076)
Constant	−3.223***	−3.364***	−3.570***	−2.425***	−2.622***
	(0.778)	(0.773)	(0.794)	(0.850)	(0.852)
Observations	196	196	196	196	196
Log Likelihood	−277.277	−219.662	−218.563	−84.369	−80.807
ρ	−0.26 (0.28)	0.01 (0.29)	−0.13 (0.29)	−0.78*** (0.16)	−0.46 (0.35)

Note: $^{***}p < 0.001$, $^{**}p < 0.01$, $^{*}p < 0.05$

Table 4.4: Heckman regression results part 1: Is there a relationship between being tied to a foundation and receiving grants?

	Dependent variable (2011):				
	All grants	Family found. grants		Comm. found. grants	
	(1)	(2)	(3)	(4)	(5)
Other revenue (logged)	0.198*	0.238	0.177	0.033	0.054
	(0.104)	(0.153)	(0.147)	(0.127)	(0.118)
Age	−0.018	−0.004	−0.003	−0.018	−0.021
	(0.017)	(0.023)	(0.024)	(0.025)	(0.023)
Ties to foundations	0.354	0.483		0.381	
	(0.357)	(0.454)		(0.236)	
Ties to family foundations			0.662		
			(0.934)		
Ties to community foundations					0.818**
					(0.324)
Ties to nonprofits	0.462	0.204	0.412	−0.358	−0.186
	(0.444)	(0.615)	(0.545)	(0.383)	(0.305)
% not matching grants	2.710***	2.190***	2.204***	1.438	0.415
	(0.477)	(0.691)	(0.686)	(1.230)	(1.212)
Number of grants in 2009	−0.314**	−0.347*	−0.311*	−0.177*	−0.183**
	(0.153)	(0.185)	(0.184)	(0.101)	(0.081)
# of grants from same foundations in 2009	0.828***	0.875***	0.827**	0.239	0.331**
	(0.273)	(0.325)	(0.335)	(0.179)	(0.151)
Constant	4.676***	3.681	4.738**	9.393***	9.312***
	(1.488)	(2.275)	(2.216)	(2.444)	(2.460)
Observations	196	196	196	196	196
Log Likelihood	−277.277	−219.662	−218.563	−84.369	−80.807
ρ	−0.26 (0.28)	0.01 (0.29)	−0.13 (0.29)	−0.78*** (0.16)	−0.46 (0.35)

Note: $^{***}p < 0.001$, $^{**}p < 0.01$, $^{*}p < 0.05$

Table 4.5: Heckman regression results part 2: Among nonprofits which received grants, is there a relationship between the dollar amount of grants they received and board ties?

for information, but ultimately it will not determine whether a grant is made.

Similarly, a respondent from an independent foundation noted that trustees' ties may give some nonprofits a point of entry to the foundation, but that it was unlikely to make a difference in the final selection of grantees. In their foundation, members can submit a letter of intent on behalf of a nonprofit, which clearly sends a signal to grant committee members. But the interviewee was very clear that this does not guarantee a grant in any way. The foundation has as one of its main goals the education of board members. They frequently attend workshops, including sessions on how to evaluate grant applications, read financial statements, ask the "hard questions" on site visits, and so on. Because of this emphasis on training members to follow a rigorous evaluation process, and because the foundation has elected to make larger grants to fewer organizations (about 2% of applicants), the interviewee was confident that social ties were unlikely to matter in the final decision.

For other foundations, social connections seemed to be more important. One family foundation that I interviewed does not accept grant applications. The process is by invitation only. "We're not the Gates Foundation. We don't have a staff of 3,000 who can sit there and go through grants and requests and so forth. We initiate. We don't accept requests for grants. We pick the areas we like; we pick people we happen to know or run into." So in this case, connections appear to be especially important. To be clear, the foundation does check financials and whether the organization is well managed before making the actual grant, but if that social connection did not exist in the first place, the grant would not happen. Similarly, a second family foundation tends to maintain long-term relationships with the same nonprofits over time, but when it is looking to add a new grantee, it also tends to rely on trustees' connections: "usually we do that [seeking new grantees] by word of mouth and sort of trust. While we are not all immersed in the nonprofit world, we know a fair amount of people and we get introduced quite a lot." A different family foundation, which does accept grant applications, explicitly supports nonprofits with which family members are involved:

"If a family member is significantly involved in a not-for-profit – board, fundraising, helping and management, something like that – we will try to support them significantly." The interviewee for that foundation also mentioned that if good clients of the family business approached the foundation on behalf of a nonprofit, it would be "taken more seriously."

The respondent from the largest family foundation explained the association between board interlocks and grants differently: "they wouldn't necessarily get it [the grant] because I am on the board [...] We would go on a board because we have confidence in that organization." In other words, the fact that a trustee sits on a nonprofit board is not the *cause* of the grant to that organization. The trustee chose to sit on the board because she was confident that the nonprofit was doing good work. And if she was confident enough in the nonprofit's ability to sit on its board, she should be confident enough to make a grant to that same nonprofit.

Another interviewee from a community foundation was positive that social connections do make a difference: "Sometimes you bet the jockey, not the horse. I had an executive director that's been in three different organizations and we funded every organization that he's been with. I just think the world of him. And so, we know him, and there is something to that. [...] We have a relationship with him. And yeah, we know if he's coming to us with a project, it's genuine. That money's going to be put to good use." This sense of knowing the person, of trust, does seem to affect grants positively for at least some foundations in this group.

As mentioned above, another source of information for foundations besides social ties to trustees or staff is their own prior experience with a nonprofit. The rationale here is that foundations would rather work with nonprofits that have already proven themselves (via a prior grant) than with new nonprofits because it reduces their uncertainty. I asked interviewees if their foundation often made "repeat grants" (grants to the same nonprofit year after year). A common response was that, if the nonprofit had performed well in the past

and kept proposing valuable projects, the foundation would keep funding it. For example, the respondent from one of the family foundations told me that "we form a relationship and we will continue it for two decades." The interviewee from the community foundation said to me, laughing, "If you got a grant from us last year, you have your foot in the door, so why wouldn't you apply this year? [...] We're closer to you." The founder of one of the family foundations similarly said: "Once someone is on the list, they tend to stay on the list. The amounts may vary from year to year, but... We get to know the nonprofit, get to know their work, and so forth." So prior grants do seem to influence current grants for many foundations, again creating this sense of "knowing" the organization, of building a relationship. On the other hand, two foundations, one independent and one family (which focuses on capital campaigns), however, required any funded nonprofit to respect a "cooling off" period of five years before requesting a new grant.

One key assumption behind the argument presented here is that receiving a grant from one foundation can signal legitimacy to other foundations (i.e. if Foundation X trusts this nonprofit, it is probably safe for our foundation to make a grant as well). And all foundations that accepted grant applications to whom I spoke did ask potential grantees if they had received grants from other foundations on the application. The main motivation did not appear to be to assess nonprofits' legitimacy however, but to ensure that nonprofits do not become dependent on their foundation's grants. Interestingly, the interviewee from the community foundation noted that, as the number of applications increased, they had made a conscious decision to make more numerous, but smaller grants because then nonprofits can "maybe go out and leverage that to other organizations."

Foundation officials may also talk to each other directly about grantees. When questioned about relationships with their peers in other foundations (e.g. whether they had had contact with someone from another foundation recently, whether their foundation collaborated with other foundations, and so on), there appeared to be surprisingly few relationships between

foundations. The program officer from the corporate foundation was the main exception. He is part of a grantmakers' group that meets quarterly and he attends conferences and funders' forums where he networks with peers. He noted that he "feels comfortable" discussing past grants with other funders in these informal settings. Perhaps not surprisingly, he also indicated that the networks (at least those in which he participates) seem to be strongest among corporate funders, although some family and independent foundations also participate. The representative from the community foundation mentioned one collaboration with two geographically close foundations and membership in Philanthropy Northwest, the major regional network of grantmakers.

Family foundations seemed to have fewer interactions with other foundations on average. One interviewee noted that this was a major weakness of his foundation. Another noted that events from grantmakers' associations were not particularly interesting to him. Yet another mentioned that he has been involved in the nonprofit sector, on the board of various organizations, for years. As such, he remains in close contact with a prominent Seattle foundation and with the United Way and asks them about potential grantees "to get a better read on them," but he does not engage with grantmaker networks or conferences.

In sum, quite a few foundation representatives indicated that social connections (through board interlocks and otherwise) can lead to grants because the connection creates a sense of trust. Family foundations appeared especially likely to rely on their trustees' connections, as I expected. The respondent from a community foundation did not mention board interlocks specifically, but discussed how her foundation would support projects based on who the executive director of a nonprofit was, even if they had not worked with the nonprofit before. Although this does not address my hypothesis directly, it leads me to believe that community foundations do use social ties despite the potential for public scrutiny. Having previously made a grant to a nonprofit also contributes to a positive feeling of "knowing" the nonprofit and is an advantage in getting future grants. In terms of foundation-to-foundation

relationships, receiving a grant from one foundation can serve as a signaling device insofar as foundations generally ask nonprofits about their other funding. Yet, the argument that foundation officials attend the same events and are members of the same professional associations, and thus have opportunities to discuss grantees, seems weakly supported at best by my interview data.

4.6.5 Steps for Future Research

Currently, this dataset only includes direct connections from one organization to another (be they nonprofits or foundations): the same individual has to be involved in both organizations either as a trustee or as a key employee (member of the executive or one of the five highest paid in the organization). An interesting addition to the data would be to include indirect connections as well: for instance, if a husband and wife are each sitting on a board of trustees, the two organizations would be considered to be connected to each other. Such an addition may be difficult to implement in practice however because it implies knowledge about family members of each trustee for each organization in the sample. A survey of trustees is likely to be more effective than a compilation based on tax fillings as is the case presently.

Complementary analyses for sectors/fields of nonprofit and foundation operations other than "international" could also provide an interesting point of comparison to this study. The assumption behind the argument presented above is that boards of trustees serve as an information transmission belt for foundations to address their information deficiencies concerning potential grantees. However, it may be the case that foundations in certain sectors of operation suffer from lower levels of information asymmetries than foundations in other sectors. For instance, in health, there are so many other sources of information and health metrics that foundations can use to evaluate potential nonprofit grantees that board ties may not play as big a role, whereas we may expect to see more board influence in the arts sector.

The major limitation of this paper is the potential for endogeneity. It may be the case that the board ties we see today between nonprofits and foundations are a result of prior grants, suggesting reverse causation. One solution to the endogeneity problem is to rely on an instrumental variable, a variable that is correlated with X but has no independent effect on Y. In other words, a good instrument would only affect the dependent variable "grants" through its effect on independent variable "board ties." As of now, I have not found a good instrument for this research project.

4.7 Conclusion

To conclude, this paper argues that who you know matters when you are a nonprofit seeking foundation grants. Trustee and/or staff connections between foundations and nonprofits can reduce information asymmetries for foundations and lend additional legitimacy to nonprofits (an individual who is trusted by the foundation is also involved with them, so they must be a good organization). An analysis of interview data with Washington State foundations appears to support the argument to a large extent. More than half of foundation representatives, especially from family foundations, indicated that social ties (through board interlocks and otherwise) can lead to grants because the connection creates a sense of trust. Having previously made a grant to a nonprofit also contributes to a positive feeling of "knowing" the nonprofit and is an advantage in getting future grants. In terms of foundation-to-foundation relationships, receiving a grant from one foundation can serve as a signaling device insofar as foundations generally ask nonprofits about their other sources of funding. When a foundation sees that a nonprofit has received grants from other foundations, it sends a signal of broader community support for the project and organization. Yet, the argument that foundation officials attend the same events and are members of the same professional associations, and thus have opportunities to discuss grantees, seems weakly supported at best by my interview data.

A statistical analysis of board and staff ties between Washington State foundations making internationally-oriented grants and nonprofits from the Western United States was inconclusive because of perfect prediction in the data (i.e. only nonprofits that received grants had board/staff connections with foundations). However, the observation of perfect prediction may in and of itself signal that connected nonprofits are more likely to receive foundation grants. A more detailed exploration of some of the specific cases in this sample seems to provide support for this conclusion. Further investigation among nonprofits that did receive grants shows that there is also a relationship between the actual dollar value of grants they received and board/staff ties, but only in the model on community foundation funding. This finding suggests that some foundations use board ties both to select trustworthy nonprofits and to determine the value of the grants they make to these nonprofits, while others may be using board ties to determine which nonprofits to fund but different criteria (such as the actual project description) to determine the actual value of grants.

Chapter 5

CONCLUSION

Prior to my dissertation, I had focused my research on NGOs and nonprofits, not philanthropic foundations. But as I learned more about nonprofits' constant struggle with finding funding for their charitable activities, I became interested in the dynamics between nonprofits and their institutional funders (e.g. governments and foundations). My understanding of the literature was that we knew a lot about the "demand side" of funding, the nonprofits' experiences, but not so much about the "supply side" of funding, the funders' experiences. So I set out in this dissertation to better understand why philanthropic foundations in the United States give to certain nonprofits and not others, especially when it comes to international grants. As a student of International Relations, international grants seemed particularly interesting to me. They add another layer of complexity to the grantmaking process because the donors (the foundations) cannot easily, or cheaply, observe the outcomes experienced by recipients of their grants thousands of miles away.

In the dissertation, I adopted a three-pronged approach to better understand foundation grantmaking. First, I examined how factors in the external environment of foundations may affect their grant decisions. Second, I conducted interviews with foundation officials to understand how foundations proceed internally when making grants. Third, I studied interpersonal networks between foundations and nonprofits, specifically board interlocks, to assess whether social ties can affect grantmaking. The objective was then to arrive at a more coherent theory of foundation behavior based on these three different perspectives.

The first chapter asks: To what extent do factors affecting governmental aid distribution influence how U.S. foundations distribute their grants internationally? Drawing on the

foreign aid literature, the chapter explores the relative importance of three theoretical explanations – recipient country need, U.S. foreign policy objectives, and foundation self-interest – on foundation grantmaking. I develop a new data set of foundation grants using the Foundation Center's *Foundation Directory Online* and conduct statistical analyses for 146 countries over the 2003-2011 period (all the countries that were eligible for foreign aid during that period).

All three theoretical explanations of foreign aid partially explain whether a given country will receive foundation grants or not in a given year. Income inequality, an indicator of recipient country need, has the largest effect on the probability of receiving a grant, but it is in an unexpected direction. More equal countries are more likely to receive a grant based on these estimates. Political similarity to the United States and being a Latin American country, both indicators of U.S. foreign policy interests, increase the likelihood of receiving grants, as expected. Finally, a greater number of NGOs on the ground, an indicator of foundation self-interest, also increases the likelihood of receiving grants, as expected.

As far as the amounts of grants are concerned, the empirical results once again support all three theoretical explanations to some extent. Low income countries receive more grants, which supports the recipient need explanation. U.S. military allies and democracies also receive more grants, which is consistent with the U.S. foreign policy objectives explanation. And finally, countries in which more INGOs operate receive more grants, in line with the foundation self-interest explanation.

Even when we disaggregate grantmaking by type of foundation (community, corporate, family, and independent), the results are again mostly consistent with all three theoretical explanations proposed in this chapter (the notable exception being corporate foundations and recipient need). However, there is still great variability in the specific indicators that influence each type of foundation and in the size of their substantive effect.

The second chapter is concerned with dynamics and politics within foundations as orga-

nizations. How do foundations decide internally to which nonprofits they will make grants? There is no theoretical literature specifically on foundation decision-making to guide my research. I suggest that type of foundation (family, independent, corporate or community) should affect the decision-making process systematically (controlling for foundation size). I develop hypotheses on three distinct aspects of grantmaking: 1) foundations' funding priorities (how narrow/broad and how stable/changing they are), 2) the formality of the grantee selection process, and 3) the rate of turnover in grants (i.e. how often they repeat grants to the same nonprofits). For instance, I hypothesize that family foundations will tend to have narrower funding priorities, informal selection processes and low grant turnover while community foundations should have broad funding priorities, highly formal selection processes, and high turnover. I conduct structured interviews with eight foundations located in Washington State to test my hypotheses.

The results of my interviews are quite mixed. Almost all hypotheses on funding priorities and grant turnover are not supported by the empirical results. Hypotheses on the formality of the grantee selection process receive more support: family foundations tend to have more informal processes than other foundations, as expected. The community foundation in the sample does not have the most formal selection process, as the hypotheses would suggest, but this may be because of its small size. Overall, the results of the interviews demonstrate that a classification based solely on foundation type and size is probably too simplistic. Foundation type appears to be important, but so is the presence of a professional staff, the type of funding a foundation provides (e.g. capital campaigns vs. project funding), and secondary goals that the foundation may have in addition to grantmaking. Actual observation (of board meetings, of applications review, etc.), in addition to interviews, would also be helpful in the future as I detected that there may be some discrepancies between rhetoric and practice in foundations.

In the third chapter, I explore whether and how social ties between foundations and

nonprofits matter in grantmaking: are nonprofits with more connections to foundations more likely to receive grants than less connected nonprofits? I study how interpersonal ties, specifically interlocking boards of trustees (i.e. when a trustee from a foundation also sits on a nonprofit board), affect grantmaking. I expect that interlocking boards of directors between foundations and nonprofits will act as an information dissemination mechanism, making "connected" nonprofits more likely to receive grants. To test this argument, I gather data on the staff and trustees of 112 Washington State foundations that make internationally-oriented grants, on the staff and trustees of all of their nonprofits grantees in the Western United States (a total of 100), as well as 96 matched nonprofits that have not received grants but are similar to the grantees. I also discuss board interlocks and acquaintances more generally with my eight interviewees.

The statistical analysis on the decision to make a grant is inconclusive because of perfect prediction in the data (i.e. only nonprofits that received grants had board/staff connections with foundations). However, the observation of perfect prediction may in and of itself signal that connected nonprofits are more likely to receive foundation grants. Further investigation among nonprofits that did receive grants shows that there is also a relationship between the actual dollar value of grants they received and board ties, but only in the model on community foundation funding. An analysis of interview data with Washington State foundations appears to support the argument to a large extent. More than half of foundation representatives, especially from family foundations, indicated that social ties (through board interlocks and otherwise) can lead to grants because the connection creates a sense of trust and because they "know" this nonprofit partner.

5.1 Broader implications

Based on the results I have presented in this dissertation, I do not think that we will ever be able to create a single theory of foundation grantmaking. Yet, in each chapter, we saw

some systematic differences between different types of foundations, which could be the basis of type-specific theories. As I noted above, any theory of foundation behavior will have to focus on more than just type of foundation however. Whether a foundation accepts unsolicited proposals, the types of funding it provides, whether it has a professional staff to conduct a preliminary selection of grantees, and potentially even its visibility to nonprofits in the community may all be important factors as well.

The dissertation also highlights that grantmaking is messy. We would like to think that foundations make grants to the "best" nonprofits to serve the neediest populations. But nonprofits' effectiveness is notoriously difficult to evaluate. Foundations must often fulfill the wishes of founders that are long gone. They must rely on incomplete information about potential grantees. Boards are composed of many people, all with different preferences and prior experiences. As volunteers, they may not have a lot of time to dedicate to the foundation. And they are constantly developing relationships with nonprofits, so they may sometimes make decisions based on their feelings about a person or an organization, instead of taking the larger picture into account. To some extent, much like individual charitable contributions, foundation grantmaking is not about the needs of recipients, but about the needs of the donors.

What are the practical implications of this research for nonprofits applying for grants? At least four clear implications emerge from this research. First, the chapter on board interlocks suggests, in line with prior empirical research, that knowing someone at a foundation can matter for grants. Therefore, even if it is clearly important for nonprofits to learn more about the foundations to whom they apply for grants, it is also an advantage if foundations know about them. Nonprofits should try to network with foundation officials at conferences and events. They may also invite a foundation official to join their board of trustees. Second, and this is related to the first point, nonprofits should apply for grants from multiple foundations. Almost all, if not all, foundation interviewees noted how grants from other funders were a

strong signal of community support. A United Way endorsement was also viewed favorably by foundations. Even if a grant is quite small, a nonprofit can leverage it to receive more grants. Third, foundations are aware that many outcomes are hard to quantify or will only truly be apparent in the long-term, which means that they need to rely on other information to assess a nonprofit's legitimacy. That other source of information is more often than not financials. As such, nonprofits should be especially careful and knowledgeable about their financial position. Fourth, foundations, even if they do not necessarily collaborate with each other, value collaboration among nonprofits. So potential grantees should be aware of other nonprofits offering similar or complementary services and use that to their advantage.

5.2 Limitations

Many limitations of this dissertation are highlighted in each specific chapter. But I would like to highlight some of them again here. In the introduction, I noted that there were 86,192 foundations in the United States in 2012. Although the data from the Foundation Center includes more than 1,000 of the largest foundations, overall we are still missing a large segment of the foundation population. This is especially relevant if we believe, as I do, that smaller foundations may be significantly different from larger ones. To get a truly representative picture of foundation grantmaking in the United States, we must make efforts to include smaller foundations more systematically in our research. And, based on what we already know, it is far from clear that, even with a representative sample of American foundations, our results would be generalizable to other countries.

My interview results were limited by my small sample (eight interviewees). Future research should include more foundations, in more than one state, and should include an additional observation component to complement the interviews. An experiment involving carefully crafted grant applications and follow-up with foundations after their decision would be difficult to put in place, but probably very informative. Now that many foundations are

moving toward streamlined requirements and joint applications to reduce the burden of grant applications on nonprofits (see for example Project Streamline), this may provide an opportunity for such an experiment.

As far as social networks between foundations and nonprofits are concerned, the approach that I adopted is flawed in two main respects: it only examines a cross-section of data, and it cannot identify indirect connections (such as family members each sitting on the board of different organizations). Rather than relying on documents, such as tax filing, future research should gain information directly from trustees about their experiences, basically the equivalent of a resume of service to the community. This would allow us to know systematically about individuals' previous ties and about their immediate family's current and previous ties, which would provide a much more accurate depiction of the networks between key players.

BIBLIOGRAPHY

Abzug, R., & Galaskiewicz, J. (2001). Nonprofit boards: Crucibles of expertise or symbols of local identities? *Nonprofit and Voluntary Sector Quarterly*, *30*(1), 51–73.

Alesina, A., & Dollar, D. (2000). Who gives foreign aid to whom and why? *Journal of Economic Growth*, *5*(1), 33–63.

Anderson, K. (2000). The Ottawa Convention Banning Landmines, the Role of International Non-Governmental Organizations and the Idea of International Civil Society. *European Journal of International Law*, *11*(1), 91–120.

Anheier, H. K., & Daly, S. (2007). *The Politics of Foundations: A Comparative Analysis*. New York, NY: Routledge.

Anheier, H. K., & Toepler, S. (1999). *Private Funds, Public Purpose: Philanthropic Foundations in International Perspective*. New York, NY: Kluwer Academic.

Arnove, R. F. (1980). *Philanthropy and Cultural Imperialism: The Foundations at Home and Abroad*. Boston, MA: G. K. Hall.

Ashley, S., & Faulk, L. (2010). Nonprofit competition in the grants marketplace. *Nonprofit Management and Leadership*, *21*(1), 43–57.

Bates, D., Maechler, M., Bolker, B., & Walker, S. (2014a). *lme4: Linear mixed-effects models using Eigen and S4*. R package version 1.1-7.
URL `http://CRAN.R-project.org/package=lme4`

Bates, D., Maechler, M., Bolker, B. M., & Walker, S. (2014b). lme4: Linear mixed-effects models using eigen and s4. ArXiv e-print; submitted to *Journal of Statistical Software*. URL `http://arxiv.org/abs/1406.5823`

Berman, E. H. (1983). *The Influence of the Carnegie, Ford, and Rockefeller Foundations on American Foreign Policy: The Ideology of Philanthropy*. Albany, NY: State University of New York Press.

Berthélemy, J.-C. (2006). Bilateral donors' interest vs. recipients' development motives in aid allocation: Do all donors behave the same? *Review of Development Economics*, *10*(2), 179–194.

Bloodgood, E. A., Tremblay-Boire, J., & Prakash, A. (2014). National styles of NGO regulation. *Nonprofit and Voluntary Sector Quarterly*, *43*(4), 716–736.

Bob, C. (2005). *The Marketing of Rebellion: Insurgents, Media, and International Activism*. New York, NY: Cambridge University Press.

Boone, P. (1996). Politics and the effectiveness of foreign aid. *European Economic Review*, *40*(2), 289–329.

Botetzagias, I., & Koutiva, E. (2014). Financial giving of foundations and businesses to environmental NGOs: The role of grantee's legitimacy. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, *25*(2), 281–306.

Bradshaw, P., Murray, V., & Wolpin, J. (1992). Do nonprofit boards make a difference? An exploration of the relationships among board structure, process, and effectiveness. *Nonprofit and Voluntary Sector Quarterly*, *21*, 227–249.

Burns, L. R., & Wholey, D. R. (1993). Adoption and abandonment of matrix manage-

ment programs: Effects of organizational characteristics and interorganizational networks. *Academy of Management Journal*, *36*(1), 106–138.

Burnside, C., & Dollar, D. (2000). Aid, policies, and growth. *American Economic Review*, *90*(4), 847–868.

Büthe, T., Major, S., & de Mello e Souza, A. (2012). The politics of private foreign aid: Humanitarian principles, economic development objectives, and organizational interests in NGO private aid allocation. *International Organization*, *66*(4), 571–607.

Callen, J. L., Klein, A., & Tinkleman, D. (2003). Board composition, committees, and organizational efficiency: The case of nonprofits. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, *32*, 493–520.

Carpenter, R. C. (2007). Studying issue (non)-adoption in transnational advocacy networks. *International Organization*, *61*, 643–667.

Cassen, R. (1994). *Does Aid Work?*. New York, NY: Oxford University Press.

Cingranelli, D. L., Richards, D. L., & Clay, K. C. (2013). The Cingranelli-Richards (CIRI) human rights dataset. `http://www.humanrightsdata.org`. Version 2013.08.01.

Collier, P., & Dollar, D. (2004). Development effectiveness: What have we learnt? *The Economic Journal*, *114*(June), F244–F271.

Cooley, A., & Ron, J. (2002). The NGO scramble: Organizational insecurity and the political economy of transnational action. *International Security*, *27*(1), 5–39.

Council on Foundations (2002). Governing boards. In *Foundation Management Series*, vol. II. Arlington, VA: Council on Foundations, 10th ed.

Council on Foundations (2010). *Governance and Administrative Expenses: Key Findings*. Arlington, VA: Council on Foundations.

Davis, G. F. (1991). Agents without principles?: The spread of the poison pill through the intercorporate network. *Administrative Science Quarterly*, *36*(4), 583–613.

Delfin, F. G., & Tang, S.-Y. (2007). Elitism, pluralism, or resource dependency: Patterns of environmental philanthropy among private foundations in California. *Environment and Planning*, *39*(9), 2167–2186.

Diaz, W. A. (1999). The behavior of grantmaking foundations. In H. K. Anheier, & S. Toepler (Eds.) *Private Funds, Public Purpose: Philanthropic Foundations in International Perspective*, (pp. 141–154). New York, NY: Kluwer Academic.

DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, *48*(2), 147–160.

Domhoff, G. W. (2002). *Who Rules America?: Power and Politics*. Boston, MA: McGraw Hill.

Dowie, M. (2001). *American Foundations: An Investigative History*. Cambridge, MA: MIT Press.

Easterly, W. (2003). Can foreign aid buy growth? *The Journal of Economic Perspectives*, *17*(3), 23–48.

Easterly, W. (2006). *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done so Much Ill and so Little Good*. New York, NY: Penguin.

Edwards, M., & Hulme, D. (1996). *Beyond the Magic Bullet: NGO Performance and Accountability in the Post-Cold War World*. West Hartford, CT: Kumarian Press.

Esser, D. E., & Bench, K. K. (2011). Does global health funding respond to recipients needs? comparing public and private donors allocations in 20052007. *World Development*, *39*(8), 1271–1280.

Faber, D. R., & McCarthy, D. (Eds.) (2005). *Foundations for Social Change*. Lanham, MD: Rowman & Littlefield.

Faulk, L., Lecy, J., & McGinnis, J. (2012). A partial theory of nonprofit success in grant markets. Presented at the annual conference of the Association for Research on Nonprofit Organization and Voluntary Action (ARNOVA), Indianapolis, Indiana.

Fleck, R. K., & Kilby, C. (2010). Changing aid regimes? US foreign aid from the Cold War to the War on Terror. *Journal of Development Economics*, *91*(2), 185–197.

Fleishman, J. L. (2007). *The Foundation: A Great American Secret*. New York, NY: PublicAffairs.

Foundation Center (2009). *Key Facts on Family Foundations*. New York, NY: The Foundation Center.

Foundation Center (2014). *Key Facts on U.S. Foundations, 2014 Edition*. New York, NY: The Foundation Center.

Froelich, K. A. (1999). Diversification of revenue strategies: Evolving resource dependence in nonprofit organizations. *Nonprofit and Voluntary Sector Quarterly*, *28*(3), 246–268.

Frumkin, P. (2006). *Strategic Giving: The Art and Science of Philanthropy*. Chicago, IL: University of Chicago Press.

Galaskiewicz, J., & Wasserman, S. (1989). Mimetic processes within an interorganizational field: An empirical test. *Administrative Science Quarterly*, *34*(3), 454–479.

Gelman, A., & Hill, J. (2007). *Data Analysis Using Regression and Multilevel/Hierarchical Models*. New York, NY: Cambridge University Press.

Graddy, E. A., & Morgan, D. L. (2006). Community foundations, organizational strategy, and public policy. *Nonprofit and Voluntary Sector Quarterly*, *35*(4), 605–630.

Granovetter, M. (1985). Economic action and social structure: The problem of embeddedness. *American Journal of Sociology*, *91*(3), 481–510.

Grønbjerg, K. A. (1993). *Understanding Nonprofit Funding*. San Francisco, CA: Jossey-Bass.

Grønbjerg, K. A., Martell, L., & Paarlberg, L. (2000). Philanthropic funding of human services: Solving ambiguity through the two-stage competitive process. *Nonprofit and Voluntary Sector Quarterly*, *29*, 9–40.

Hammack, D. C., & Anheier, H. K. (2013). *A Versatile American Institution: The Changing Ideals and Realities of Philanthropic Foundations*. Washington, DC: Brookings Institution Press.

Haunschild, P. R. (1993). Interorganizational imitation: The impact of interlocks on corporate acquisition activity. *Administrative Science Quarterly*, *38*(4), 564–592.

Haunschild, P. R., & Beckham, C. M. (1998). When do interlocks matter?: Alternate sources of information and interlock influence. *Administrative Science Quarterly*, *43*(4), 815–844.

Henderson, S. L. (2002). Selling Civil Society: Western Aid and the Nongovernmental Organization Sector in Russia. *Comparative Political Studies*, *35*(2), 139–167.

Heydemann, S., & Kinsey, R. (2010). The state and international philanthropy: The contribution of American foundations, 1919-1991. In H. K. Anheier, & D. C. Hammack (Eds.) *American Foundations: Roles and Contributions*, (pp. 205–236). Washington, DC: Brookings Institution Press.

Hlavac, M. (2014). *stargazer: LaTeX/HTML code and ASCII text for well-formatted regression and summary statistics tables*. Harvard University, Cambridge, USA. R package version 5.1.
URL `http://CRAN.R-project.org/package=stargazer`

Hoffman, A. J., & Bertels, S. (2007). Organizational sets, populations, and fields: Evolving board interlocks and environmental NGOs. *Ross School of Business Working Paper no. 1074*.

Honaker, J., King, G., & Blackwell, M. (2009). Amelia II: A program for missing data.
URL `http://gking.harvard.edu/amelia`

Isopi, A., & Mavrotas, G. (2009). Aid allocation and aid effectiveness: An empirical analysis. In G. Mavrotas, & M. McGillivray (Eds.) *Development Aid: A Fresh Look*, (pp. 114–157). New York, NY: Palgrave Macmillan.

Kaufmann, D., Kraay, A., & Mastruzzi, M. (2010). The worldwide governance indicators: Methodology and analytical issues. *World Bank Policy Research Working Paper 5430*.

Keck, M. E., & Sikkink, K. (1998). *Activists beyond Borders: Advocacy Networks in International Politics*. Ithaca, NY: Cornell University Press.

Klotz, A. (1996). *Norms in International Relations: The Struggle against Apartheid*. Ithaca, NY: Cornell University Press.

Koushyar, J., Longhofer, W., & Roberts, P. W. (2013). A comparative analysis of corporate and independent foundations. Available at: `http://goizueta.emory.edu/faculty/socialenterprise/resources/index.html`.

La Porta, R., Lopez-de-Silanes, F., Shleifer, A., & Vishny, R. W. (1999). The quality of government. *Journal of Law, Economics, and Organization*, *15*(1), 222–279.

Lageman, E. C. (Ed.) (1999). *Philanthropic Foundations: New Scholarship, New Possibilities*. Bloomington, IN: Indiana University Press.

Lauderdale, B. E. (2012). Compound poisson-gamma regression models for dollar outcomes that are sometimes zero. *Political Analysis*, *20*, 387–399.

Lawrence, S. (2012). *Foundation Growth and Giving Estimates, 2012 Edition*. Foundations Today Series. New York, NY: The Foundation Center.

Lawrence, S., & Mukai, R. (2011). *Foundation Growth and Giving Estimates, 2011 Edition*. Foundations Today Series. New York, NY: The Foundation Center.

Lewis, T. L. (2003). Environmental aid: Driven by recipient need or donor interests? *Social Science Quarterly*, *84*(1), 144–161.

Lowry, R. C. (1999). Foundation patronage toward citizen groups and think tanks: Who gets grants? *Journal of Politics*, *61*(3), 758–776.

Lumsdaine, D. H. (1993). *Moral Vision in International Politics: The Foreign Aid Regime, 1949-1989*. Princeton, NJ: Princeton University Press.

Lungeanu, R., & Ward, J. L. (2012). A governance-based typology of family foundations: The effect of generation stage and governance structure on family philanthropic activities. *Family Business Review*, *25*(4), 409–424.

Maizels, A., & Nissanke, M. K. (1984). Motivations for aid to developing countries. *World Development*, *12*(9), 879–900.

Mathews, J. T. (1997). Power Shift. *Foreign Affairs*, *76*(1), 50–66.

McGinnis, J. (2012). *Participatory Philanthropy: An Analysis of Community Inputs Impact on Grantee Selection*. Ph.D. thesis, Georgia Institute of Technology.

McGinnis, J., & Ashley, S. (2011). The family difference? Exploring the congruence in grant distribution patterns between family and independent foundations. *The Foundation Review*, *3*(4), 74–81.

McKinley, R. D., & Little, R. (1979). The US aid relationship: A test of the recipient need and the donor interest models. *Political Studies*, *27*(2), 236–250.

Meyer, J. W., & Rowan, B. (1977). Institutionalized organizations: Formal structure as myth and ceremony. *American Journal of Sociology*, *83*(2), 340–363.

Mitchell, G. E., & Schmitz, H. P. (2014). Principled Instrumentalism: A Theory of Transnational NGO Behavior. *Review of International Studies*, *40*(3), 487–504.

Mizruchi, M. S. (1989). Similarity of political behavior among large American corporations. *American Journal of Sociology*, *95*(2), 401–424.

Moore, G., Sobieraj, S., Whitt, J. A., Mayorova, O., & Beaulieu, D. (2002). Elite interlocks in three U.S. sectors: Nonprofit, corporate, and government. *Social Science Quarterly*, *83*(3), 726–744.

Mosley, P. (1981). Models of the aid allocation process: A comment on McKinlay and Little. *Political Studies*, *29*(2), 245–253.

Mulreany, R. H. (1965). Foundation trustees - selection, duties, and responsibilities. *UCLA Law Review*, *13*, 1060–1073.

Neumayer, E. (2003). *The Pattern of Aid Giving: The Impact of Good Governance on Development Assistance*. London, UK: Routledge.

Nobbie, P., & Brudney, J. L. (2003). Testing the implementation, board performance, and organizational effectiveness of the policy governance model in nonprofit boards of directors. *Nonprofit and Voluntary Sector Quarterly*, *32*(4), 571–595.

O'Regan, K., & Oster, S. M. (2005). Does the structure and composition of the board matter?: The case of nonprofit organizations. *Journal of Law, Economics, and Organization*, *21*(1), 205–227.

Ostrower, F. (2004). *Attitudes and Practices Concerning Effective Philanthropy: Survey Report*. Washington, D.C.: The Urban Institute.

Ostrower, F., & Stone, M. M. (2006). Governance: Research trends, gaps, and future prospects. In W. W. Powell, & R. Steinberg (Eds.) *The Nonprofit Sector: A Research Handbook*, (pp. 612–628). New Haven, CT: Yale University Press, 2 ed.

Palmer, D. A., Jennings, P. D., & Zhou, X. (1993). Late adoption of the multidivisional form by large U.S. corporations: Institutional, political, and economic accounts. *Administrative Science Quarterly*, *38*(1), 100–131.

Pedrini, M., & Minciullo, M. (2011). Italian corporate foundations and the challenge of multiple stakeholder interests. *Nonprofit Management and Leadership*, *22*(2), 173–197.

Prakash, A., & Gugerty, M. K. (Eds.) (2010). *Advocacy Organizations and Collective Action*. Cambridge, UK: Cambridge University Press.

Renz, L. (1998). International grant making by U.S. foundations: Issues and directions in the 1990s. *Nonprofit and Voluntary Sector Quarterly*, *27*(4), 507–521.

Roelofs, J. (2003). *Foundations and Public Policy: The Mask of Pluralism*. Albany, NY: State University of New York Press.

Ron, J., Ramos, H., & Rodgers, K. (2005). Transnational information politics: NGO human rights reporting, 1986-2000. *International Studies Quarterly*, *49*, 557–587.

Sachs, J. D. (2006). *The End of Poverty: Economic Possibilities for our Time*. New York, NY: Penguin.

Schraeder, P. J., Hook, S. W., & Taylor, B. (1998). Clarifying the foreign aid puzzle: A comparison of American, Japanese, French, and Swedish aid flows. *World Politics*, *50*(2), 294–323.

Seawright, J., & Gerring, J. (2008). Case selection techniques in case study research: A menu of qualitative and quantitative options. *Political Research Quarterly*, *61*(2), 294–308.

Sell, S. K., & Prakash, A. (2004). Using ideas strategically: The contest between business and NGO networks in intellectual property rights. *International Studies Quarterly*, *48*(1), 143–175.

Simon, H. A. (1956). Rational choice and the structure of the environment. *Psychological Review*, *63*(2), 129–138.

Smith, S. R., & Lipsky, M. (1993). *Nonprofits for Hire: The Welfare State in the Age of Contracting*. Cambridge, MA: Harvard University Press.

South, A. (2011). rworldmap: A new R package for mapping global data. *The R Journal*, *3*(1), 35–43.
URL `http://journal.r-project.org/archive/2011-1/RJournal_2011-1_South.pdf`

Strezhnev, A., & Voeten, E. (2013-02). United Nations General Assembly voting data. `http://hdl.handle.net/1902.1/12379`. UNF:5:NpHV5DXWPNWMWOrLGTjQYA== Erik Voeten [Distributor] V5 [Version].

Stroup, S. S. (2012). *Borders among Activists: International NGOs in the United States, Britain, and France*. Ithaca, NY: Cornell University Press.

Treisman, D. (2007). What have we learned about the causes of corruption from ten years of cross-national empirical research? *Annual Review of Political Science*, *10*, 211–244.

Tversky, A., & Kahneman, D. (1974). Judgment under uncertainty: Heuristics and biases. *Science*, *185*(4157), 1124–1131.

Useem, M. (1984). *The Inner Circle: Large Corporations and the Rise of Business Political Activity in the U.S. and U.K*. New York, NY: Oxford University Press.

Voeten, E. (2012). Data and analyses of voting in the UN General Assembly. Available at SSRN: `http://ssrn.com/abstract=2111149`.

Westhues, M., & Einwiller, S. (2006). Corporate foundations: Their role for corporate social responsibility. *Corporate Reputation Review*, *9*(2), 144–153.

Westphal, J. D., Seidel, M.-D. L., & Stewart, K. J. (2001). Second-order imitation: Uncovering latent effects of board network ties. *Administrative Science Quarterly*, *46*(4), 717–747.

Young, D. R. (2006). *Complementary, Supplementary or Adversarial: A Theoretical and Historical Examination of Government-Nonprofit Relations in the U.S.*. Washington, DC: The Urban Institute Press.

Appendix A

ADDITIONAL TABLES AND FIGURES FOR CHAPTER 1

Statistic	N	Mean	St. Dev.	Min	Max
Grants dummy	1,297	0.848	0.359	0	1
Grant amounts	1,297	9,100,127	26,560,556	0	308,471,432
GDP (M)	1,263	96,203	369,477	19	6,046,918
GINI index	350	0.430	0.094	0.256	0.674
Human development	768	0.588	0.152	0.258	0.905
% \$2/day	348	0.284	0.265	0	0.952
% \$1.25/day	348	0.156	0.193	0	0.877
Conflict	1,294	0.155	0.362	0	1
Disaster	1,247	0.696	0.460	0	1
U.S. military aid (M)	1,257	62	454	0	6,934
U.S. exports (M)	1,294	2,900	13,158	0	166,892
Political similarity	1,286	0.240	0.128	0	0.992
Latin America	1,297	0.222	0.416	0	1
Ex colony	1,297	0.820	0.385	0	1
Democracy	1,085	2.299	6.126	−10	10
Physical integrity	1,252	4.520	2.125	0	8
Political terror	1,201	2.842	1.002	1	5
Control of corruption	1,283	−0.460	0.649	−1.923	1.553
Media	1,294	51	163	0	3,346
NGOs	1,294	940	767	52	3,766
% paved roads	458	0.475	0.302	0.018	1
Population	1,285	37,413,698	146,634,808	9,530	1,337,704,960
% Christians	288	0.520	0.381	0	0.980
U.S. ODA (M)	1,294	118	478	0	12,769
Multilateral ODA (M)	1,266	175	256	−112	2,041

Table A.1: Summary statistics for original data

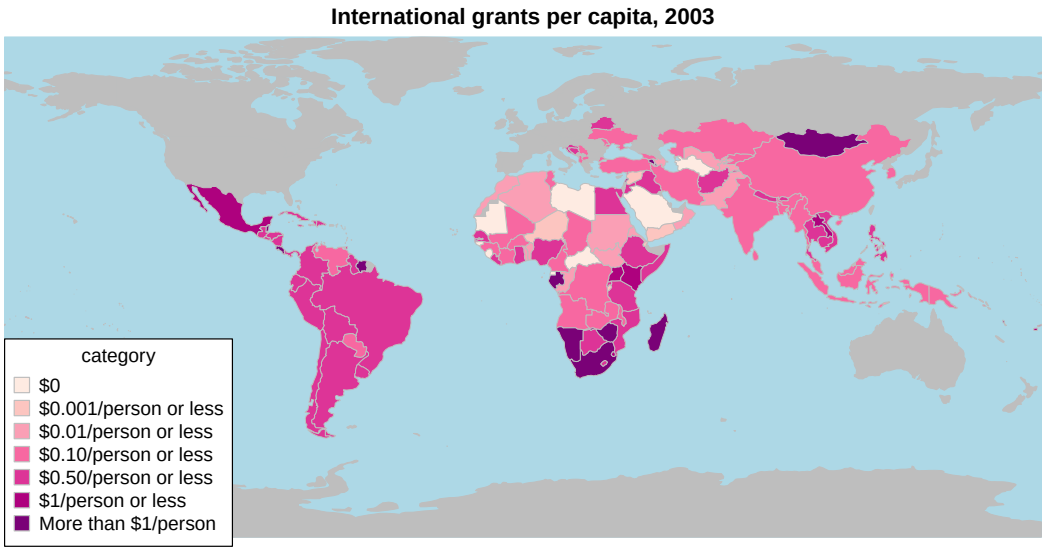

Figure A.1: Per capita amount of international foundation grants by country - 2003

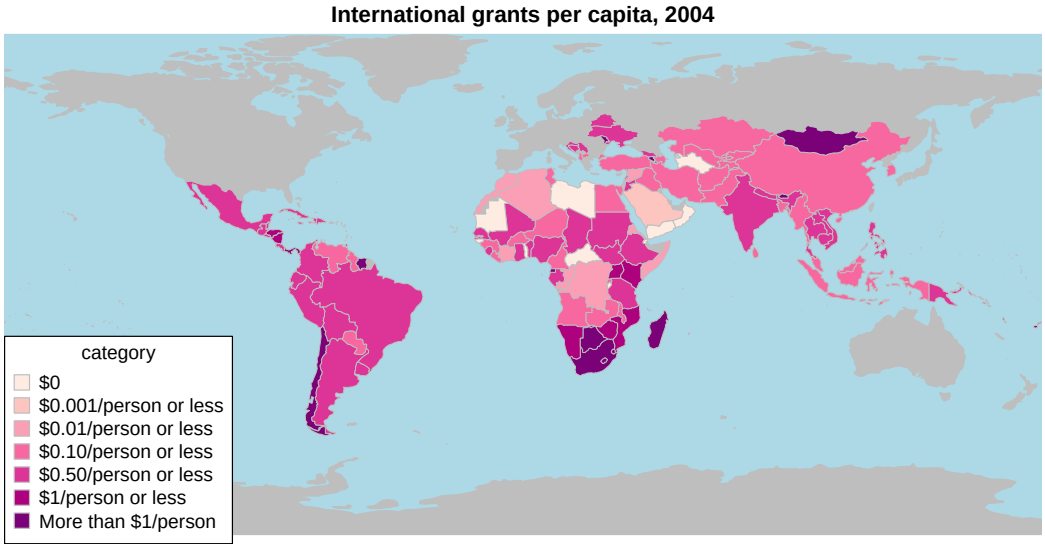

Figure A.2: Per capita amount of international foundation grants by country - 2004

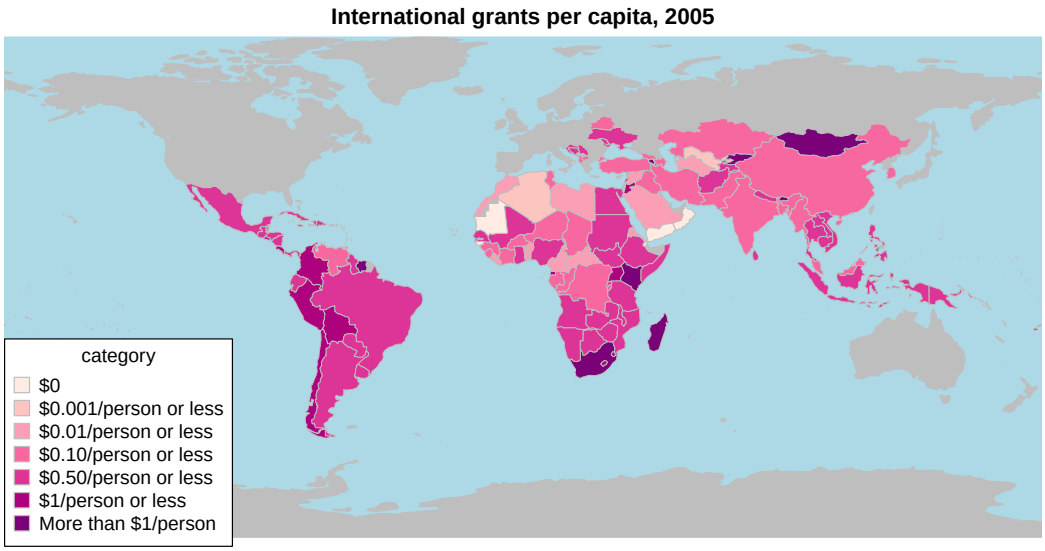

Figure A.3: Per capita amount of international foundation grants by country - 2005

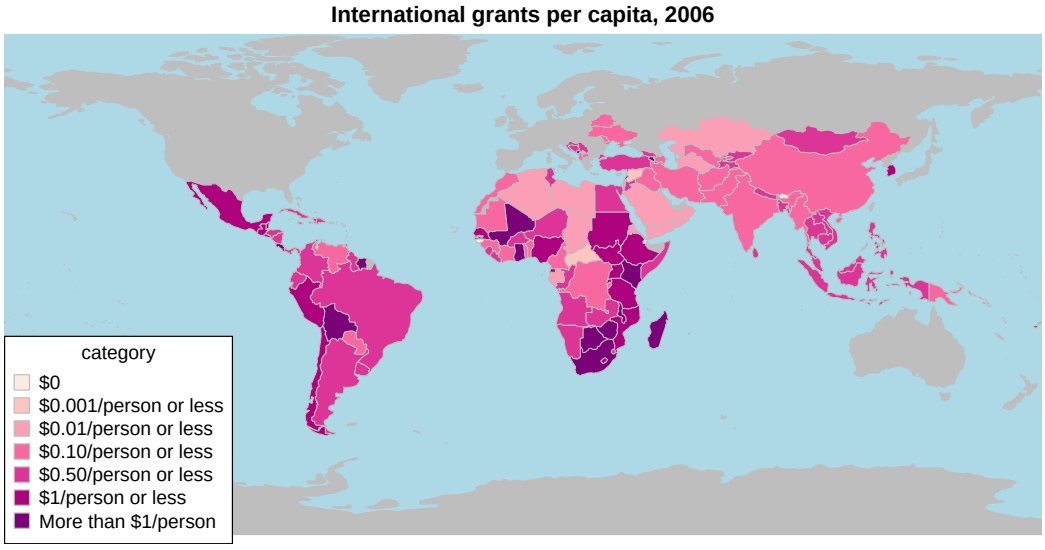

Figure A.4: Per capita amount of international foundation grants by country - 2006

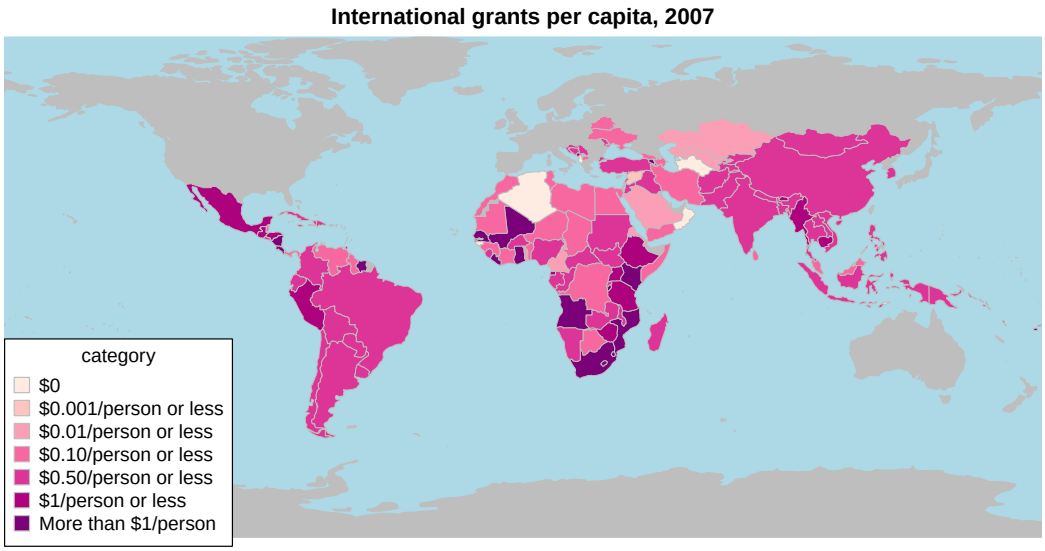

Figure A.5: Per capita amount of international foundation grants by country - 2007

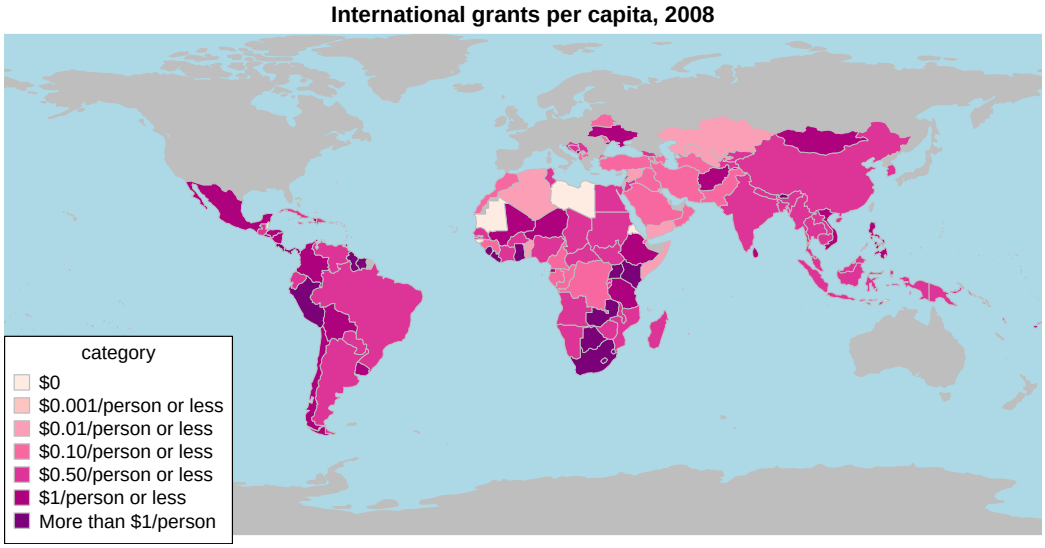

Figure A.6: Per capita amount of international foundation grants by country - 2008

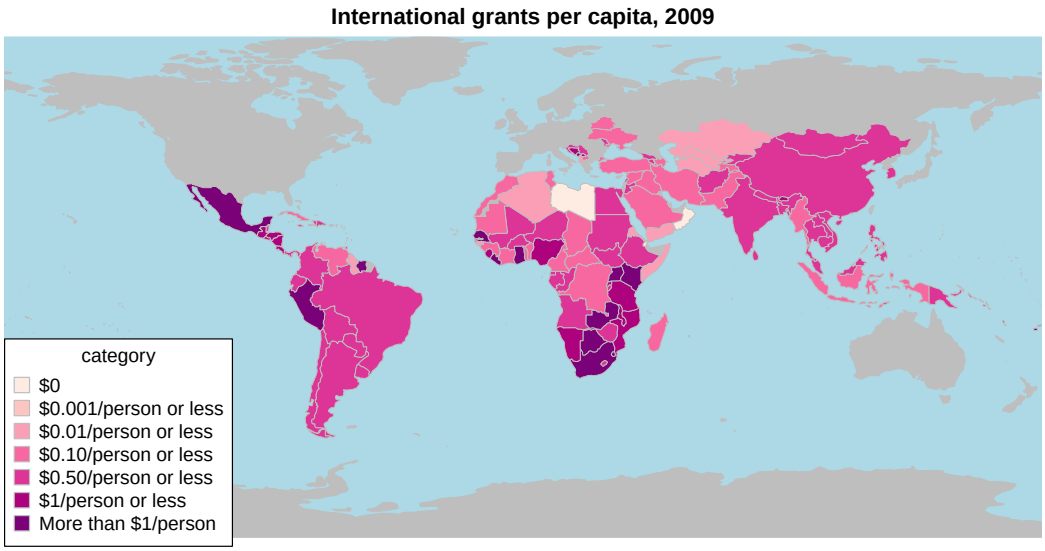

Figure A.7: Per capita amount of international foundation grants by country - 2009

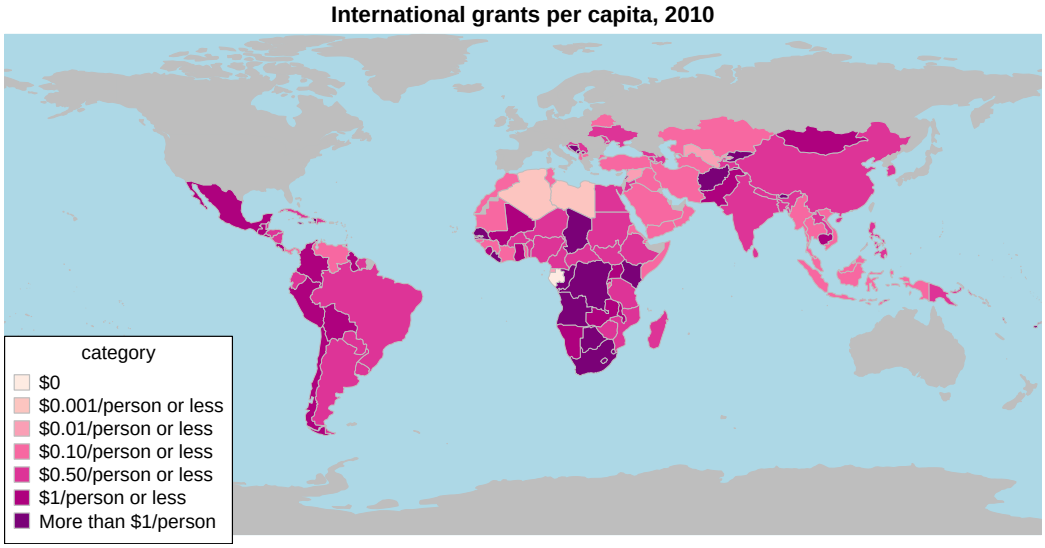

Figure A.8: Per capita amount of international foundation grants by country - 2010

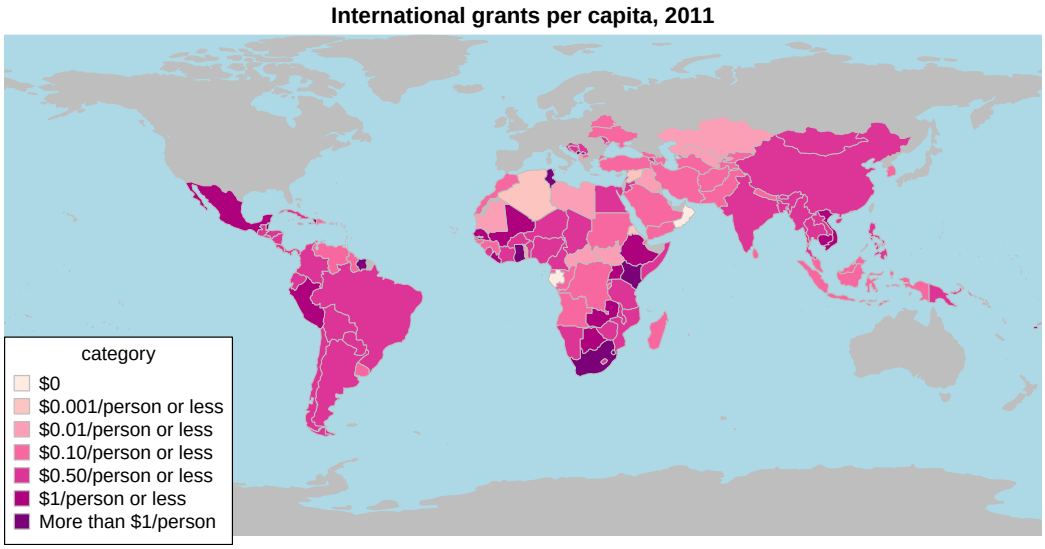

Figure A.9: Per capita amount of international foundation grants by country - 2011

	Null model	Income	Inequality	Human devel.	Poverty 1	Poverty 2
GDP (logged)		0.383	0.658***		1.222**	0.167
		(0.230)	(0.001)		(0.384)	(0.295)
GINI index			−15.487***			
			(0.001)			
Human development				3.716*		
				(1.785)		
% $2/day					4.799**	
					(1.674)	
% $1.25/day						−1.826
						(1.586)
Conflict		−0.679	−0.538***	−0.666	−0.816	−0.613
		(0.669)	(0.001)	(0.666)	(0.707)	(0.671)
Disaster		−0.225	0.018***	−0.212	−0.110	−0.226
		(0.283)	(0.001)	(0.284)	(0.292)	(0.283)
Population (logged)		0.770**	0.418***	1.145***	0.033	0.982**
		(0.264)	(0.001)	(0.180)	(0.375)	(0.323)
% Christians		−0.271	−0.099***	−0.343	−0.665	−0.132
		(0.569)	(0.001)	(0.572)	(0.625)	(0.578)
U.S. ODA		9.054***	7.692***	8.534**	10.540***	8.720**
		(2.720)	(0.001)	(2.679)	(3.010)	(2.721)
Multilateral ODA		1.143	0.959***	1.203	1.149	1.214
		(0.697)	(0.001)	(0.695)	(0.751)	(0.698)
Intercept	7.427***	−8.967**	0.902***	−13.445***	−6.340*	−9.934***
	(0.896)	(2.857)	(0.001)	(2.988)	(3.213)	(2.988)
BIC	672.800	629.422	590.315	627.871	626.829	635.267
Log Likelihood	-325.648	-278.872	-255.735	-278.096	-273.992	-278.211
N (total)	1297	1297	1297	1297	1297	1297
N (countries)	146	146	146	146	146	146
N (years)	9	9	9	9	9	9
Variance: country	48.402	4.609	7.560	4.499	6.192	4.565
Variance: year	0.000	0.000	0.000	0.000	0.000	0.000
Variance: Residual	1.000	1.000	1.000	1.000	1.000	1.000

$^{***}p < 0.001$, $^{**}p < 0.01$, $^{*}p < 0.05$. All predictor variables lagged one year. Dollar amounts in constant 2011 U.S. dollars. Analyses conducted on five imputed datasets. Estimates above from one of the imputed datasets for illustration.

Table A.2: Binomial multilevel models with imputed data (country-year) - Recipient need explanation

	Strategic	Good gov. 1	Good gov. 2
Military aid	-2.107^{*}	-2.251^{*}	-2.245^{*}
	(1.042)	(1.049)	(1.058)
U.S. exports	2.520	2.423	2.498
	(3.073)	(3.055)	(3.083)
Political similarity	3.730^{*}	4.332^{*}	4.322^{*}
	(1.613)	(1.739)	(1.732)
Ex colony	-0.761	-0.858	-0.877
	(0.813)	(0.829)	(0.833)
Latin America	2.113^{**}	2.308^{**}	2.299^{**}
	(0.800)	(0.878)	(0.875)
Democracy		-0.050	-0.048
		(0.044)	(0.043)
Physical integrity		0.013	
		(0.132)	
Political terror			0.046
			(0.236)
Control of corruption		0.169	0.188
		(0.399)	(0.399)
Population (logged)	1.104^{***}	1.100^{***}	1.077^{***}
	(0.201)	(0.228)	(0.227)
% Christians	-0.845	-0.766	-0.792
	(0.597)	(0.608)	(0.616)
U.S. ODA	7.173^{**}	7.289^{**}	7.333^{**}
	(2.613)	(2.631)	(2.656)
Multilateral ODA	1.223	1.352	1.352
	(0.709)	(0.733)	(0.732)
Intercept	-11.410^{**}	-11.313^{**}	-10.964^{**}
	(3.651)	(4.280)	(3.861)
BIC	629.362	649.337	649.309
Log Likelihood	-271.674	-270.910	-270.896
N (total)	1297	1297	1297
N (countries)	146	146	146
N (years)	9	9	9
Variance: country	4.250	4.362	4.383
Variance: year	0.001	0.016	0.014
Variance: Residual	1.000	1.000	1.000

$^{***}p < 0.001$, $^{**}p < 0.01$, $^{*}p < 0.05$. All predictor variables lagged one year. Dollar amounts in constant 2011 U.S. dollars. Analyses conducted on five imputed datasets. Estimates above from one of the imputed datasets for illustration.

Table A.3: Binomial multilevel models with imputed data (country-year) - Foreign policy objectives explanation

	Self-interest
Media	0.209
	(0.934)
NGOs	3.083***
	(0.845)
Population (logged)	0.463*
	(0.193)
% Christians	−0.627
	(0.556)
U.S. ODA	9.277***
	(2.585)
Multilateral ODA	1.148
	(0.681)
Intercept	0.091
	(3.380)
BIC	609.768
Log Likelihood	-272.629
N (total)	1297
N (countries)	146
N (years)	9
Variance: country	3.343
Variance: year	0.000
Variance: Residual	1.000

$^{***}p < 0.001$, $^{**}p < 0.01$, $^{*}p < 0.05$. All predictor variables lagged one year. Dollar amounts in constant 2011 U.S. dollars. Analyses conducted on five imputed datasets. Estimates above from one of the imputed datasets for illustration.

Table A.4: Binomial multilevel models with imputed data (country-year) - Foundation self-interest explanation

	Need & for. pol.	Self-int. added	Capacity added	Capacity interaction	Media interactions
GDP (logged)	0.233	−0.212	0.107	0.272	−0.181
	(0.331)	(0.324)	(0.332)	(0.446)	(0.320)
GINI index	−21.211***	−21.648***	−26.110***	−25.954***	−21.540***
	(3.116)	(3.151)	(3.596)	(3.577)	(3.139)
Conflict	−0.885	−0.983	−0.898	−0.876	0.281
	(0.824)	(0.823)	(0.858)	(0.854)	(1.525)
Disaster	−0.016	−0.048	−0.091	−0.092	−0.139
	(0.331)	(0.330)	(0.337)	(0.336)	(0.728)
Military aid	−3.101***	−2.961**	−2.930*	−2.929*	−2.993*
	(0.856)	(0.982)	(1.234)	(1.221)	(1.198)
U.S. exports	2.837	−1.196	−1.579	−1.614	−1.017
	(3.915)	(1.792)	(1.007)	(0.935)	(2.185)
Political similarity	6.340**	6.239**	6.085**	6.036**	6.256**
	(2.058)	(1.908)	(2.005)	(1.975)	(1.907)
Ex colony	0.782	1.411	0.959	0.920	1.455
	(1.019)	(0.935)	(0.947)	(0.935)	(0.922)
Latin America	4.172***	3.652***	3.396**	3.400**	3.568***
	(1.113)	(1.035)	(1.054)	(1.041)	(1.015)
Democracy	−0.062	−0.121*	−0.101	−0.101	−0.119*
	(0.050)	(0.051)	(0.052)	(0.052)	(0.051)
Political terror	0.552	0.583*	0.729*	0.721*	0.577*
	(0.283)	(0.279)	(0.299)	(0.295)	(0.280)
Control of corruption	0.533	0.152	0.426	0.425	0.201
	(0.482)	(0.472)	(0.489)	(0.485)	(0.469)
Media		1.316	3.083	3.010	0.325
		(1.980)	(2.175)	(2.170)	(1.629)
NGOs		4.664***	5.134***	5.092***	4.645***
		(1.376)	(1.400)	(1.383)	(1.351)
% paved roads			−4.619***	−2.260	
			(1.103)	(4.417)	
GDP (logged) × % paved roads				−0.299	
				(0.545)	
Conflict × media					6.346
					(5.701)
Disaster × media					−0.308
					(2.432)
Population (logged)	0.746	0.173	−0.509	−0.495	0.170
	(0.390)	(0.388)	(0.423)	(0.418)	(0.386)
% Christians	−1.059	−1.245	−1.551*	−1.531*	−1.309
	(0.713)	(0.698)	(0.725)	(0.721)	(0.699)
U.S. ODA	8.165**	7.783**	8.457**	8.492**	7.662**
	(2.483)	(2.556)	(2.948)	(2.924)	(2.860)
Multilateral ODA	1.175	1.115	0.798	0.782	1.152

Table A.5: Binomial multilevel models with imputed data (country-year) - All explanations (continued on next page)

	(0.844)	(0.834)	(0.821)	(0.815)	(0.835)
Intercept	−0.967	12.448*	24.992***	23.390**	11.960*
	(4.885)	(5.777)	(6.696)	(7.213)	(5.746)
BIC	609.824	609.691	596.476	603.350	622.237
Log Likelihood	-236.818	-229.584	-219.392	-219.245	-228.689
N (total)	1297	1297	1297	1297	1297
N (countries)	146	146	146	146	146
N (years)	9	9	9	9	9
Variance: country	6.582	4.678	4.644	4.441	4.444
Variance: year	0.138	0.151	0.157	0.151	0.143
Variance: Residual	1.000	1.000	1.000	1.000	1.000

$^{***}p < 0.001$, $^{**}p < 0.01$, $^{*}p < 0.05$. All predictor variables lagged one year. Dollar amounts in constant 2011 U.S. dollars. Analyses conducted on five imputed datasets. Estimates above from one of the imputed datasets for illustration.

Table A.5: Continued

	Null model	Income	Inequality	Human devel.	Poverty 1	Poverty 2
GDP (logged)		0.095	0.091		0.008	0.106
		(0.097)	(0.097)		(0.120)	(0.112)
GINI index			0.506			
			(0.698)			
Human development				0.567		
				(0.717)		
% $2/day					−0.507	
					(0.404)	
% $1.25/day						0.093
						(0.461)
Conflict		−0.176	−0.169	−0.178	−0.171	−0.178
		(0.148)	(0.149)	(0.148)	(0.148)	(0.149)
Disaster		−0.015	−0.018	−0.017	−0.024	−0.015
		(0.094)	(0.095)	(0.094)	(0.095)	(0.094)
Population (logged)		0.668***	0.674***	0.756***	0.756***	0.657***
		(0.106)	(0.106)	(0.067)	(0.128)	(0.119)
% Christians		0.292	0.284	0.276	0.345*	0.284
		(0.162)	(0.163)	(0.164)	(0.168)	(0.168)
U.S. ODA		0.014	0.017	0.013	0.009	0.018
		(0.048)	(0.048)	(0.048)	(0.048)	(0.051)
Multilateral ODA		0.263***	0.271***	0.263***	0.279***	0.261***
		(0.072)	(0.072)	(0.072)	(0.073)	(0.073)
Intercept	13.789***	2.346*	2.069	1.541	1.963	2.396*
	(0.215)	(1.127)	(1.186)	(1.194)	(1.169)	(1.154)
BIC	3805.987	3735.875	3742.362	3736.180	3741.314	3742.837
Log Likelihood	-1888.987	-1829.421	-1829.163	-1829.573	-1828.639	-1829.400
N (total)	1100	1100	1100	1100	1100	1100
N (countries)	139	139	139	139	139	139
N (years)	9	9	9	9	9	9
Variance: country	4.669	2.067	2.039	2.072	2.076	2.065
Variance: year	0.101	0.066	0.065	0.068	0.063	0.066
Variance: Residual	1.155	1.144	1.146	1.144	1.142	1.144

$^{***}p < 0.001$, $^{**}p < 0.01$, $^{*}p < 0.05$. All predictor variables lagged one year. Dollar amounts in constant 2011 U.S. dollars. Analyses conducted on five imputed datasets. Estimates above from one of the imputed datasets for illustration.

Table A.6: Linear multilevel models with imputed data (country-year) - Recipient need explanation

	Strategic	Good gov. 1	Good gov. 2
Military aid	0.067	0.092	0.100
	(0.053)	(0.054)	(0.054)
U.S. exports	0.202	0.183	0.174
	(0.112)	(0.110)	(0.110)
Political similarity	1.579*	1.331	1.278
	(0.749)	(0.751)	(0.748)
Ex colony	0.384	0.432	0.460
	(0.325)	(0.315)	(0.314)
Latin America	0.696*	0.397	0.386
	(0.316)	(0.320)	(0.319)
Democracy		0.029	0.030*
		(0.015)	(0.014)
Physical integrity		0.043	
		(0.036)	
Political terror			−0.139*
			(0.070)
Control of corruption		0.276	0.234
		(0.149)	(0.151)
Population (logged)	0.755***	0.827***	0.839***
	(0.068)	(0.073)	(0.071)
% Christians	0.252	0.235	0.271
	(0.167)	(0.167)	(0.168)
U.S. ODA	−0.013	−0.022	−0.021
	(0.051)	(0.051)	(0.051)
Multilateral ODA	0.279***	0.261***	0.261***
	(0.072)	(0.072)	(0.072)
Intercept	1.025	−0.146	0.194
	(1.216)	(1.330)	(1.208)
BIC	3735.338	3744.260	3741.807
Log Likelihood	-1822.149	-1816.106	-1814.879
N (total)	1100	1100	1100
N (countries)	139	139	139
N (years)	9	9	9
Variance: country	1.830	1.699	1.682
Variance: year	0.089	0.084	0.083
Variance: Residual	1.143	1.140	1.139

$^{***}p < 0.001$, $^{**}p < 0.01$, $^{*}p < 0.05$. All predictor variables lagged one year. Dollar amounts in constant 2011 U.S. dollars. Analyses conducted on five imputed datasets. Estimates above from one of the imputed datasets for illustration.

Table A.7: Linear multilevel models with imputed data (country-year) - Foreign policy objectives explanation

	Self-interest
Media	0.013
	(0.065)
NGOs	0.620***
	(0.153)
Population (logged)	0.512***
	(0.082)
% Christians	0.217
	(0.164)
U.S. ODA	0.016
	(0.048)
Multilateral ODA	0.301***
	(0.071)
Intercept	5.749***
	(1.322)
BIC	3716.414
Log Likelihood	-1823.192
N (total)	1100
N (countries)	139
N (years)	9
Variance: country	1.759
Variance: year	0.066
Variance: Residual	1.154

$^{***}p < 0.001$, $^{**}p < 0.01$, $^{*}p < 0.05$. All predictor variables lagged one year. Dollar amounts in constant 2011 U.S. dollars. Analyses conducted on five imputed datasets. Estimates above from one of the imputed datasets for illustration.

Table A.8: Linear multilevel models with imputed data (country-year) - Foundation self-interest explanation

	Need & for. pol.	Self-int. added	Capacity added	Capacity interaction	Media interactions
GDP (logged)	−0.122	−0.234*	−0.180	−0.108	−0.233*
	(0.107)	(0.117)	(0.118)	(0.131)	(0.117)
Conflict	−0.087	−0.096	−0.039	−0.030	−0.086
	(0.150)	(0.151)	(0.151)	(0.151)	(0.151)
Disaster	−0.034	−0.031	−0.050	−0.048	−0.014
	(0.094)	(0.094)	(0.094)	(0.094)	(0.100)
Military aid	0.106	0.104	0.117*	0.120*	0.101
	(0.054)	(0.054)	(0.054)	(0.054)	(0.059)
U.S. exports	0.193	0.135	0.125	0.126	0.119
	(0.111)	(0.113)	(0.112)	(0.111)	(0.114)
Political similarity	1.396	1.087	0.997	0.943	1.099
	(0.753)	(0.763)	(0.761)	(0.760)	(0.763)
Ex colony	0.391	0.374	0.218	0.182	0.390
	(0.322)	(0.314)	(0.316)	(0.314)	(0.313)
Latin America	0.504	0.390	0.246	0.201	0.387
	(0.335)	(0.330)	(0.331)	(0.331)	(0.329)
Democracy	0.028*	0.023	0.024	0.025	0.023
	(0.014)	(0.015)	(0.015)	(0.015)	(0.015)
Political terror	−0.139	−0.138	−0.108	−0.107	−0.141
	(0.072)	(0.072)	(0.073)	(0.073)	(0.072)
Control of corruption	0.286	0.214	0.217	0.219	0.209
	(0.156)	(0.158)	(0.158)	(0.157)	(0.158)
Media		0.037	0.049	0.049	0.076
		(0.065)	(0.065)	(0.065)	(0.204)
NGOs		0.438*	0.511*	0.516*	0.439*
		(0.205)	(0.205)	(0.204)	(0.205)
% paved roads			−0.765**	0.669	
			(0.265)	(1.210)	
GDP (logged) × % paved roads				−0.153	
				(0.126)	
Conflict × media					−0.136
					(0.147)
Disaster × media					0.079
					(0.189)
Population (logged)	0.958***	0.881***	0.769***	0.775***	0.871***
	(0.121)	(0.124)	(0.130)	(0.129)	(0.125)
% Christians	0.261	0.226	0.163	0.152	0.232
	(0.169)	(0.170)	(0.171)	(0.171)	(0.170)
U.S. ODA	−0.020	−0.018	−0.014	−0.015	0.006
	(0.051)	(0.052)	(0.052)	(0.052)	(0.068)
Multilateral ODA	0.249***	0.259***	0.268***	0.268***	0.261***
	(0.072)	(0.072)	(0.072)	(0.072)	(0.072)
Intercept	−0.447	1.959	3.698*	2.989	2.104

Table A.9: Linear multilevel models with imputed data (country-year) - All explanations (continued on next page)

	(1.297)	(1.693)	(1.786)	(1.879)	(1.703)
BIC	3761.117	3770.524	3769.220	3774.766	3783.681
Log Likelihood	-1814.030	-1811.730	-1807.576	-1806.848	-1811.305
N (total)	1100	1100	1100	1100	1100
N (countries)	139	139	139	139	139
N (years)	9	9	9	9	9
Variance: country	1.673	1.572	1.541	1.512	1.559
Variance: year	0.094	0.096	0.098	0.097	0.098
Variance: Residual	1.136	1.140	1.133	1.134	1.140

$^{***}p < 0.001$, $^{**}p < 0.01$, $^{*}p < 0.05$. All predictor variables lagged one year. Dollar amounts in constant 2011 U.S. dollars. Analyses conducted on five imputed datasets. Estimates above from one of the imputed datasets for illustration.

Table A.9: Continued

	Null model	Income	Inequality	Human devel.	Poverty 1	Poverty 2
GDP (logged)		0.001	−0.001		0.024	0.010
		(0.026)	(0.026)		(0.040)	(0.036)
GINI index			0.278			
			(0.275)			
Human development				−0.195		
				(0.209)		
% $2/day					0.120	
					(0.157)	
% $1.25/day						0.066
						(0.181)
Conflict		−0.046	−0.042	−0.051	−0.049	−0.048
		(0.059)	(0.059)	(0.059)	(0.058)	(0.059)
Disaster		0.033	0.030	0.030	0.034	0.032
		(0.051)	(0.051)	(0.051)	(0.051)	(0.051)
Population (logged)		0.153***	0.156***	0.154***	0.130**	0.145***
		(0.032)	(0.032)	(0.020)	(0.044)	(0.040)
% Christians		0.029	0.016	0.039	0.020	0.023
		(0.068)	(0.069)	(0.068)	(0.069)	(0.069)
U.S. ODA		0.011	0.012	0.012	0.012	0.014
		(0.019)	(0.019)	(0.019)	(0.019)	(0.020)
Multilateral ODA		0.011	0.016	0.004	0.005	0.008
		(0.029)	(0.029)	(0.029)	(0.030)	(0.030)
Corporate foundation		1.181***	1.181***	1.181***	1.181***	1.181***
		(0.174)	(0.174)	(0.174)	(0.174)	(0.174)
Family foundation		0.675***	0.674***	0.673***	0.676***	0.675***
		(0.163)	(0.163)	(0.163)	(0.163)	(0.163)
Independent foundation		0.875***	0.875***	0.873***	0.876***	0.875***
		(0.156)	(0.156)	(0.156)	(0.156)	(0.156)
Operating foundation		1.914***	1.915***	1.912***	1.915***	1.914***
		(0.284)	(0.283)	(0.284)	(0.283)	(0.283)
Foundation founding year		−0.004	−0.004	−0.004	−0.004	−0.004
		(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Foundation total giving		1.415***	1.415***	1.415***	1.415***	1.415***
		(0.175)	(0.175)	(0.175)	(0.175)	(0.175)
Intercept	9.729***	13.869***	13.764***	13.946***	13.976***	13.907***

Table A.10: Linear multilevel models with imputed data (foundation-country-year) - Recipient need explanation

	(0.060)	(3.817)	(3.817)	(3.815)	(3.818)	(3.818)
BIC	48974.664	48918.150	48926.659	48917.283	48927.103	48927.544
Log Likelihood	-24463.527	-24373.378	-24372.871	-24372.944	-24373.093	-24373.314
N (total)	13656	13656	13656	13656	13656	13656
N (country-years)	1099	1099	1099	1099	1099	1099
N (foundations)	1380	1380	1380	1380	1380	1380
N (countries)	139	139	139	139	139	139
Variance: country-year	0.042	0.042	0.043	0.042	0.043	0.042
Variance: foundation	1.707	1.448	1.447	1.449	1.447	1.447
Variance: country	0.165	0.076	0.075	0.077	0.074	0.075
Variance: Residual	1.769	1.774	1.774	1.774	1.774	1.774

$^{***}p < 0.001$, $^{**}p < 0.01$, $^{*}p < 0.05$. All predictor variables lagged one year. Dollar amounts in constant 2011 U.S. dollars. Analyses conducted on five imputed datasets. Estimates above from one of the imputed datasets for illustration.

Table A.10: Continued

	Strategic	Good gov. 1	Good gov. 2
Military aid	−0.008	0.001	0.006
	(0.025)	(0.026)	(0.026)
U.S. exports	0.186**	0.178**	0.172**
	(0.058)	(0.055)	(0.056)
Political similarity	−0.555*	−0.677**	−0.692**
	(0.259)	(0.260)	(0.261)
Ex colony	−0.106	−0.088	−0.086
	(0.087)	(0.084)	(0.084)
Latin America	−0.051	−0.131	−0.130
	(0.082)	(0.083)	(0.083)
Democracy		0.009	0.010*
		(0.005)	(0.005)
Physical integrity		0.021	
		(0.015)	
Political terror			−0.038
			(0.031)
Control of corruption		0.045	0.040
		(0.050)	(0.052)
Population (logged)	0.121***	0.142***	0.138***
	(0.020)	(0.023)	(0.022)
% Christians	0.048	0.034	0.045
	(0.073)	(0.072)	(0.073)
U.S. ODA	0.013	0.012	0.012
	(0.022)	(0.022)	(0.022)
Multilateral ODA	0.037	0.032	0.034
	(0.029)	(0.029)	(0.029)
Corporate foundation	1.189***	1.188***	1.187***
	(0.174)	(0.174)	(0.174)
Family foundation	0.681***	0.684***	0.683***
	(0.162)	(0.162)	(0.162)
Independent foundation	0.883***	0.885***	0.885***
	(0.155)	(0.155)	(0.155)
Operating foundation	1.921***	1.923***	1.922***
	(0.283)	(0.283)	(0.283)
Foundation founding year	−0.004	−0.004	−0.004
	(0.002)	(0.002)	(0.002)
Foundation total giving	1.413***	1.411***	1.411***
	(0.174)	(0.174)	(0.174)
Intercept	14.607***	14.188***	14.442***
	(3.810)	(3.815)	(3.808)
BIC	48923.510	48942.614	48942.997
Log Likelihood	-24366.536	-24361.805	-24361.996
N (total)	13656	13656	13656
N (country-years)	1099	1099	1099

Table A.11: Linear multilevel models with imputed data (foundation-country-year) - Foreign policy objectives explanation (continued on next page)

N (foundations)	1380	1380	1380
N (countries)	139	139	139
Variance: country-year	0.041	0.039	0.039
Variance: foundation	1.441	1.439	1.439
Variance: country	0.069	0.059	0.060
Variance: Residual	1.775	1.776	1.776

$^{***}p < 0.001$, $^{**}p < 0.01$, $^{*}p < 0.05$. All predictor variables lagged one year. Dollar amounts in constant 2011 U.S. dollars. Analyses conducted on five imputed datasets. Estimates above from one of the imputed datasets for illustration.

Table A.11: Continued

	Self-interest
Media	0.027
	(0.031)
NGOs	0.131*
	(0.054)
Population (logged)	0.104***
	(0.027)
% Christians	−0.008
	(0.070)
U.S. ODA	0.006
	(0.020)
Multilateral ODA	0.032
	(0.029)
Corporate foundation	1.180***
	(0.174)
Family foundation	0.676***
	(0.163)
Independent foundation	0.875***
	(0.156)
Operating foundation	1.916***
	(0.283)
Foundation founding year	−0.004
	(0.002)
Foundation total giving	1.415***
	(0.175)
Intercept	14.794***
	(3.828)
BIC	48903.182
Log Likelihood	-24370.654
N (total)	13656
N (country-years)	1099
N (foundations)	1380
N (countries)	139
Variance: country-year	0.042
Variance: foundation	1.447
Variance: country	0.070
Variance: Residual	1.774

$^{***}p < 0.001$, $^{**}p < 0.01$, $^{*}p < 0.05$. All predictor variables lagged one year. Dollar amounts in constant 2011 U.S. dollars. Analyses conducted on five imputed datasets. Estimates above from one of the imputed datasets for illustration.

Table A.12: Linear multilevel models with imputed data (foundation-country-year) - Foundation self-interest explanation

	Need & for. pol.	Self-int. added	Capacity added	Capacity interaction	Media interactions
GDP (logged)	−0.046	−0.093**	−0.077*	−0.031	−0.090*
	(0.031)	(0.036)	(0.037)	(0.042)	(0.035)
Conflict	0.006	0.008	0.026	0.034	0.003
	(0.060)	(0.060)	(0.060)	(0.060)	(0.060)
Disaster	0.035	0.037	0.027	0.034	0.050
	(0.051)	(0.051)	(0.051)	(0.051)	(0.062)
Military aid	0.004	−0.003	0.002	0.001	−0.001
	(0.026)	(0.026)	(0.026)	(0.026)	(0.027)
U.S. exports	0.198***	0.168**	0.162**	0.160**	0.151**
	(0.057)	(0.056)	(0.055)	(0.053)	(0.055)
Political similarity	−0.652*	−0.781**	−0.785**	−0.812**	−0.802**
	(0.261)	(0.263)	(0.262)	(0.260)	(0.262)
Ex colony	−0.129	−0.138	−0.170*	−0.186*	−0.123
	(0.087)	(0.084)	(0.086)	(0.084)	(0.084)
Latin America	−0.090	−0.103	−0.137	−0.161	−0.110
	(0.088)	(0.085)	(0.086)	(0.085)	(0.084)
Democracy	0.009	0.005	0.005	0.006	0.006
	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Physical integrity	0.020	0.024	0.023	0.023	0.027
	(0.016)	(0.016)	(0.016)	(0.016)	(0.016)
Control of corruption	0.082	0.034	0.032	0.035	0.026
	(0.055)	(0.057)	(0.057)	(0.056)	(0.057)
Media		0.038	0.042	0.043	0.099
		(0.031)	(0.031)	(0.030)	(0.093)
NGOs		0.205*	0.220**	0.212**	0.208**
		(0.080)	(0.080)	(0.078)	(0.079)
% paved roads			−0.183	0.855	
			(0.105)	(0.504)	
GDP (logged) × % paved roads				−0.103*	
				(0.049)	
Conflict × media					−0.099
					(0.058)
Disaster × media					0.021
					(0.091)
Population (logged)	0.183***	0.149***	0.123**	0.132**	0.137***
	(0.038)	(0.040)	(0.042)	(0.042)	(0.040)
% Christians	0.036	0.017	−0.005	−0.011	0.021
	(0.072)	(0.073)	(0.074)	(0.074)	(0.073)
U.S. ODA	0.014	0.013	0.014	0.014	0.020
	(0.022)	(0.023)	(0.023)	(0.022)	(0.027)
Multilateral ODA	0.026	0.043	0.045	0.042	0.047
	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)
Corporate foundation	1.187***	1.182***	1.183***	1.182***	1.182***

Table A.13: Linear multilevel models with imputed data (foundation- country-year) - All explanations (continued on next page)

	(0.174)	(0.174)	(0.174)	(0.174)	(0.174)
Family foundation	0.680***	0.675***	0.676***	0.678***	0.675***
	(0.162)	(0.162)	(0.162)	(0.162)	(0.162)
Independent foundation	0.882***	0.877***	0.877***	0.878***	0.877***
	(0.155)	(0.155)	(0.155)	(0.155)	(0.155)
Operating foundation	1.921***	1.917***	1.918***	1.921***	1.920***
	(0.283)	(0.283)	(0.283)	(0.283)	(0.283)
Foundation founding year	−0.004	−0.003	−0.003	−0.003	−0.003
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Foundation total giving	1.413***	1.415***	1.414***	1.414***	1.415***
	(0.174)	(0.174)	(0.174)	(0.174)	(0.174)
Intercept	14.001***	15.072***	15.504***	14.921***	15.242***
	(3.820)	(3.844)	(3.849)	(3.857)	(3.845)
BIC	48968.358	48979.876	48986.414	48991.625	48995.851
Log Likelihood	-24360.394	-24356.631	-24355.139	-24352.983	-24355.096
N (total)	13656	13656	13656	13656	13656
N (country-years)	1099	1099	1099	1099	1099
N (foundations)	1380	1380	1380	1380	1380
N (countries)	139	139	139	139	139
Variance: country-year	0.039	0.040	0.040	0.040	0.040
Variance: foundation	1.440	1.442	1.440	1.439	1.442
Variance: country	0.058	0.051	0.049	0.044	0.048
Variance: Residual	1.776	1.775	1.775	1.776	1.775

$^{***}p < 0.001$, $^{**}p < 0.01$, $^{*}p < 0.05$. All predictor variables lagged one year. Dollar amounts in constant 2011 U.S. dollars. Analyses conducted on five imputed datasets. Estimates above from one of the imputed datasets for illustration.

Table A.13: Continued

Appendix B

INTERVIEW QUESTIONS FOR CHAPTER 2

Interview Questions

Background Information

1. Can you briefly describe your foundation?
    a. What are its areas of expertise? Target grantees?

2. How much did the foundation grant last year (approximately)? How many grants did that translate into approximately?

3. What changes have occurred in the amounts, sources and programmatic focus of your own funding over the last several years and what accounts for those changes?

Funding Priorities

4. What are the most significant gaps or needs in your arena of expertise?
    a. Are there other problems that are also critical?
    b. In which ways are these community needs or problems changing and why? [Role of demographic, economic, political, social trends]
    c. How do you normally get information about needs and changes in them?
    d. How is your organization reacting to, affected by, and/or preparing for these developments in needs?

5. What are the most significant current public policy developments in your area of expertise (federal, state, local)?
    a. How is your foundation reacting to, affected by and/or preparing for these developments?

6. Are the funding priorities of the foundation open to change?
    a. If so, how often does the foundation reflect on its priorities?
    b. Who within the organization is responsible for changing these priorities?
    c. How does the process of changing priorities happen?

The Grantmaking Process

7. Has your volume of requests for funding changed in the past year?
    a. If your foundation accepts grant applications, how many applications (approximately) would you say get funded out of all the applications sent?

8. What is your general process of deciding which nonprofits/agencies to fund and for how much?

9. What are the major criteria or principles involved in making funding decisions and how are they assessed?

10. What other factors turn out to be important as well?

11. How would you describe the dynamics between the different people involved in the grantmaking process within the foundation? What happens when there are disagreements on a potential grantee?

12. If an organization has received a grant from your foundation in the past, does it make a difference when they apply for a new grant?

13. How do you know whether funded agencies are meeting community needs and/or providing effective and efficient services?

Relationships with other major funders

14. Have you had personal contact with someone in other WA foundations during the last three months? (foundation names?)

15. Has your foundation collaborated closely with any WA foundations during the past year? (foundation names?)

Appendix C

ADDITIONAL TABLES FOR CHAPTER 3

	Foundations	Nonprofit grantees
Andrew Toles	Anderson Family Foundation	National Christian Foundation
Bert Green	Brookshire-Green Foundation	Global Partnerships
		Direct Relief International
Chi-Dooh Li	Stewardship Foundation	Agros International
Gary Duim	Duim Family Foundation	Medical Teams International
		World Vision
James Pigott	Moccasin Lake Foundation	Landesa
	Norcliffe Foundation	
Jeffrey Hussey	Hussey Foundation	Create Good Foundation
Maggie Walker	Seattle Foundation	Global Partnerships
Mark Dodson	Community Foundation For Southwest Washington	Medical Teams International
Mauricio Vivero	Seattle International Foundation	Lingos Global
Michael Galgon	Roots and Wings	Global Partnerships
Nani Warren	Warren Foundation	World Spark
Paula Clapp	Seattle International Foundation	Global Partnerships
Phyllis Campbell	Seattle International Foundation	Initiative for Global Development
Renee Harbers	Renee & Jeff Harbers Family Foundation	American Friends Of Whistler
Susan McCaw	Craig & Susan McCaw Foundation	Pacific Council on International Policy
Therese Caouette	Slingshot Development Fund	Foundation for the People of Burma
William Clapp	Seattle International Foundation	Initiative for Global Development
		Global Partnerships
		Global Washington

Table C.1: Ties between foundations and nonprofits in the sample

	Foundation 1	Foundation 2	Foundation 3	Foundation 4
Ann Wyckoff	TEW Foundation	Norcliffe Foundation		
Daniel M. Asher	Loeb Charitable Foundation	T.C. Swartz Foundation	TEW Foundation	Abe & Sidney Block Foundation
Donald Guthrie	Petunia Foundation	DG Foundation		
James Pigott	Moccasin Lake Foundation	Norcliffe Foundation		
John W. Stanton	Aven Foundation	The Seattle Foundation		
Lisa Anderson	Moccasin Lake Foundation	Norcliffe Foundation		
Mary Pigott	Norcliffe Foundation	Satterberg Foundation		
Nicholas Spika	Stewardship Foundation	Titcomb Foundation		
Susan Hutchison	Charles & Lisa Simonyi Fund For Arts & Sciences	Stewardship Foundation		
Susan Pohl	TEW Foundation	Norcliffe Foundation		

Table C.2: Ties between foundations in the sample

	Nonprofit 1	Nonprofit 2	Nonprofit 3
Bert Green	Global Partnerships	Direct Relief International	
Gail Seneca	Ploughshares Fund	Foundation for the People of Burma	
Gary Duim	World Vision	Medical Teams International	
Katherine Cochran	Upaya Social Ventures	Vittana Foundation	
Kenneth Pyle	National Bureau of Asian Research	Society for Japanese Studies	
Lincoln Miller	Richards Rwanda	Landesa	
Linda Cheever	Peacetrees Vietnam	Water First International	
Nancy Aossey	International Medical Corps	Pacific Council on International Policy	
Scott M. Black	American Technion Society	Friends of Israel Defense Forces	
Tim Hanstad	Landesa	Global Washington	
William Clapp	Global Partnerships	Global Washington	Initiative for Global Development
Mark Yeadon	Compassion International	For His Children	
Clark Vaughn	For His Children	Cofan Survival Fund	
Christopher Baker	Compassion International	Food for Orphans	
Dr. Ayo Ajayi	Burkitt's Lymphoma Kenya Fund	Media for Development International	
Jon Krakauer	American Himalayan Foundation	Alex Lowe Charitable Foundation	

Table C.3: Ties between nonprofits in the sample

Statistic	N	Mean	St. Dev.	Min	Max
Received any grant (dummy)	196	0.510	0.501	0	1
Family found. grant (dummy)	196	0.332	0.472	0	1
Comm. found. grant (dummy)	196	0.122	0.329	0	1
All grants (amount)	196	124,869.400	564,928.200	0	5,578,681
Family found. grants (amount)	196	105,029.300	549,508.500	0	5,578,681
Comm. found. grants (amount)	196	5,049.510	22,941.300	0	240,000
Other revenue	196	17,567,841.000	95,221,578.000	592	1,055,686,330
Age	196	11.903	12.076	0	63
Ties to foundations	196	0.117	0.537	0	6
Ties to family foundations	196	0.036	0.212	0	2
Ties to community foundations	196	0.036	0.256	0	3
Ties to nonprofits	196	0.168	0.438	0	2
Prior grants	196	0.862	2.880	0	25
Prior grants from same found.	196	0.526	1.547	0	13
% not matching grants	100	0.812	0.379	0.000	1.000

Table C.4: Summary Statistics