



Northwest Area Foundation grantmaking and leveraging

*Assessment of the initial two years under a
new strategic plan*

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Foreward

The Northwest Area Foundation is committed to the simple but powerful notion of learning as we go, and sharing what we learn. In 2011, we shared with the field a report by FSG called [*Gaining Perspective*](#), which examined our organization's ideas, processes and practices in the period from 1998 to 2008. Informed by our experiences over that decade, we operate under a new strategic plan that has guided our more recent activities. Now, in 2012, we have chosen to make public an assessment by Wilder Research that examines our initial two years of work under that plan.

This report was originally commissioned for internal reflection; therefore, some sections may be of limited interest to anyone outside the organization. Nonetheless, we have decided to make the report public in the hope that peer funders and others may find value in it for their own work.

Many of Wilder's recommendations confirmed ideas that were already taking shape within the Foundation. For instance, in reference to our strategic plan, the assessment suggests that we "elevate assets and wealth as the primary strategic outcome" to advance our mission of reducing poverty and building prosperity. Our current plan gives equal weight to three strategic outcomes:

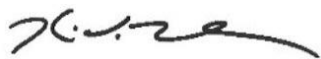
- Increased assets and wealth among people with low incomes.
- Increased capacity and leadership to reduce poverty.
- Improved public policy solutions.

If we act on Wilder's counsel and "elevate assets and wealth as the primary strategic outcome," our interest in leadership/capacity development and public policy will continue – but those efforts would in effect be tactics in pursuit of the asset-building strategy. We are working through this recommendation in the hope that it will help us bring greater focus to our work over time.

The assessment also urges us to "mobilize the full organization behind the mission." This recommendation aligns with an effort we've already begun: to tap the mission potential of the non-grantmaking parts of our organization – investments, communications, and so forth – as strategically as we can.

Finally, Wilder's report points out strands of our funding since 2008 that seem less coherent, and it includes helpful recommendations that pertain to processes and practices rather than strategy.

In sharing this piece with the field, we do not mean to imply that the Northwest Area Foundation will implement every idea Wilder Research has put forward. Rather, we are simply practicing the transparency and openness that we strive for in ourselves and admire in our peer funders. I hope you will find value in this assessment report. If you have questions about the paper, you are welcome to contact me or Joanna Ramirez Barrett, the Foundation's Program Operations & Evaluation Director (jramirezbarrett@nwaf.org).



Kevin F. Walker
President and Chief Executive Officer
Northwest Area Foundation

Executive summary

Introduction

The Northwest Area Foundation (NWAf) supports efforts to reduce poverty and achieve sustainable prosperity in the eight-state region encompassing Idaho, Iowa, Minnesota, Montana, North Dakota, Oregon, South Dakota, and Washington. In 2008, the Foundation approved a strategic plan charting a new direction and grantmaking approach. Under the new framework, the Foundation supports the work of proven and promising organizations to achieve three interconnected, mutually reinforcing outcomes: increased **assets and wealth** among people with low incomes, increased **capacity and leadership** to reduce poverty, and improved **public policy** solutions to reduce poverty. The Foundation also devotes significant resources to a fourth area, **leveraged impact**.

As envisioned in the strategic plan, this work is pursued in a learning environment. The plan embraces continual reflection on and refinement of not only the plan itself but the Foundation's attainment of the objectives set forth by the plan. The NWAf previously commissioned FSG Social Impact Advisors to reflect on lessons learned from the decade of grantmaking preceding this new plan, the subject of the January 2011 report [Gaining Perspective](#). In spring 2011, the Foundation contracted with Wilder Research to conduct an external review of work during the first two years under its new strategic plan. Wilder's report reflects an initial look at grantmaking and leveraging activities that have taken place under the Foundation's new approach. This summary and the full report present Wilder's independent account of Foundation accomplishments during this time as well as areas that can be strengthened. Wilder's assessment entailed a grant review, staff discussion groups, and a review of Foundation documents.

Major findings

Overall, Wilder's assessment found that NWAf work during this period was closely aligned with the new strategic framework. The Foundation has supported strategies that directly impact low-income people, built regional infrastructure in the form of individual and organizational capacity, and impacted public policies affecting individuals' ability to build and maintain assets. The Foundation has done so by supporting scalable strategies, replicable models, and the work of proven and promising organizations. Projects have touched low-income people in rural, urban, and reservation communities throughout the region. Across outcome areas, the Foundation leveraged limited dollars by collaborating with funders, convening key stakeholders, and disseminating information on areas of impact.

Wilder's report illustrates significant accomplishments during this time period. Importantly, this review was conducted at a time when Foundation staff and board members were engaged in discussions about developing a formal system for assessing NWAf activities, but a formal evaluation system was not yet in place. This review was intended to contribute to these discussions, and reflects an organic assessment of Foundation activities based on available grantee reporting and information. A report on the extent to which specific predetermined indicators were attained was not possible at this time. Accomplishments are detailed in the full report, and summarized below.

Assets and wealth

Based on Wilder's review of a sample of grants, strategies supported within the assets and wealth outcome area directly aligned with Foundation objectives. The NWAf has worked to build assets and wealth among low-income people by increasing capacity among asset- and wealth-building practitioners of color, supporting partnerships around workforce development and small business strategies, and integrating community development with asset- and

wealth-building practices. Grantees' reports suggest the Foundation has:

- Increased financial literacy among low-income people
- Increased use of fair financial services
- Helped low-income people access credit
- Built capacity for matched savings programs
- Supported small businesses, microenterprise, and entrepreneurship among low-income and minority populations
- Supported workforce development through job training, regional partnerships, and advocacy for underrepresented populations
- Capitalized on emerging opportunities to pursue green pathways to prosperity
- Built Community Development Financial Institution (CDFI) infrastructure in Native and other communities of color

Capacity and leadership

The NWAFF works to build capacity in the region to support the other two outcome areas. Specifically, the Foundation supports strategies to expand individual and organizational capacity to increase assets and wealth and influence public policy. Within this area, grant reports suggest the Foundation has:

- Built individual leadership capacity in high-poverty communities and communities of color to pursue asset- and wealth-creation strategies
- Supported national, regional, and Native intermediary organizations that integrate community and economic development with asset- and wealth-building strategies in their work with locally based organizations
- Built capacity of and enhanced networking among minority-led organizations
- Supported regional collaborations among organizations supporting Foundation goals

Public policy

In its third major outcome area, the NWAFF supports improved public policy solutions to reduce poverty. Strategies in this area are steeped in research commissioned by the Foundation as well as an environmental scan of capacity in the eight-state

region. Grant reports reviewed in this area suggest the Foundation has:

- Provided grant and technical support to organizations working on public policy solutions to end poverty
- Built capacity in the region of State Fiscal Analysis Initiative (SFAI) affiliates, a network of independent, nonpartisan organizations that research and analyze tax and budget policies
- Supported the development and dissemination of nonpartisan policy research and information
- Helped build collaboration and broad-based support for policy priorities
- In some cases supported work that resulted in significant policy changes, as detailed in Wilder's full report

Leveraged impact

During the initial two years under the new strategic plan, the NWAFF has also pursued strategies to extend the impact of its grantmaking given limited resources. The Foundation has collaborated with other funders and partners, supported convenings and forums on topics relevant to its outcome areas, pursued program-related investments (PRIs) to further its philanthropic goals, and supported research to inform and enhance its work. Grantees have also leveraged NWAFF funds by developing strategic partnerships, bringing other funders to projects, and building on regional capacity fostered by other NWAFF investments.

Key recommendations

The NWAFF's new strategic plan embraces adapting the Foundation's approach based on lessons learned along the way. To this end, Wilder offers the following recommendations for Foundation staff and Board consideration.

Strategic plan

Elevate assets and wealth as the primary strategic outcome

Increasing assets and wealth among low-income people appears to be the Foundation's primary goal, whereas building capacity and leadership and changing public

policy are strategies toward achieving that goal. We recommend elevating assets and wealth as the Foundation's primary strategic outcome. Under this overarching goal, directly impacting low-income people can be isolated as a key strategy on par with building capacity and leadership and changing public policy.

Mobilize the full organization behind the mission

The Foundation's current strategic plan encompasses the grantmaking and leveraging work of the NWAF Program Department, but does not reflect the full scope of NWAF operations. The upcoming round of strategic planning can consider ways to broaden the plan to encompass the full scope of current Foundation activities.

Fully incorporate leveraging activities into the strategic plan and logic model

The Foundation clearly uses leveraging activities in thoughtful and strategic ways to extend the impact of its grantmaking. We suggest revising the strategic plan and logic model to more fully reflect the intended role and impact of leveraging tools.

Targeted Funding Areas

Refine Targeted Funding Areas to provide further clarity

The NWAF established Targeted Funding Areas within each major outcome area to guide its grantmaking. In some cases, current Targeted Funding Areas combine specific areas of work (e.g., workforce development) with tactics that can inform multiple areas of grantmaking (e.g., developing regional partnerships). Foundation staff and Board members may want to consider a) delineating the tactics supported across Foundation grantmaking, as depicted in the summary diagram, and b) refining individual Targeted Funding Areas to focus on distinctive asset- and wealth-creation areas of work.

Clarify strategies in a few areas

Overall, NWAF grantmaking appears well-aligned with the outcomes and Targeted Funding Areas developed within the new strategic framework. Wilder's assessment also identified a couple of areas in which Foundation staff and Board members can consider whether current strategies are on target or could be further clarified:

- *Green pathways.* We understand that the Foundation has intentionally undertaken an exploratory approach to pursuing green pathways to prosperity with the intent of exploring strategies and partnerships in this emerging area. However, it may be worth considering at this time whether all project strategies supported in this area directly link to the NWAF's outcomes. The Foundation's intent is to capitalize and build on green pathways to prosperity, which seems more specific than a broader environmental objective. In some cases the link between the strategies pursued and asset and wealth creation among low-income people seemed less clear, although it is possible this could reflect grant reporting at this time.
- *Sectoral development.* Sectoral development reflects regional, industry-focused approaches to workforce and economic development. Grantees pursuing sectoral development worked on goals explicitly tied to NWAF outcomes as well as other goals generally beneficial to those sectors. Within those projects, the Foundation and Board members can examine individual project objectives for their relevance to the NWAF's outcomes, while upholding the NWAF's commitment to avoid being overly proscriptive in grantmaking. We recognize that in working through proven and promising organizations, the Foundation to some extent supports those organizations themselves.

Grant timelines

Consider the merits of making longer-term grants

Grants reviewed as part of Wilder's assessment ranged in length from 6 to 18 months. Feedback from grantee surveys and Foundation staff suggests that grantees perceive receiving longer-term grants as important to attaining and demonstrating long-term impact. Foundation staff and Board members can consider the potential merits of awarding longer-term grants.

Grant reporting

Structure grant reporting and tracking around Foundation reporting and analysis needs

Through its Process Improvement Project (PIP), the Foundation is in the process of developing a new grantee reporting form which can facilitate more uniform reporting across grantees. Wilder's report provides several recommendations for grant reporting and tracking that can inform this process. For example, we recommend leveraging NWAf staff knowledge by having staff write a brief summary note at grant conclusion providing their own reflections on the extent to which the project succeeded and any lessons learned.

Follow-up on grantees partially meeting their objectives

Given the short-term nature of the grants, it is not surprising that some grantees were still progressing toward their intended outcomes at the time the grant concluded. We recommend instituting a process to look at those reporting that they only partially met their objectives. Such a process can facilitate understanding the reasons behind this and additional supports that may be needed by those grantees.

Explore ways to gauge impact, and recognize the challenges

NWAf staff have expressed interest in developing a dashboard of indicators. Dashboards can take different forms, and we recommend careful deliberation among Foundation staff and Board members about the type of dashboard, or combination, that would be most appropriate and meaningful. Wilder's review lays the groundwork for these discussions. In the context of the outcomes identified in the full report, and reporting capacity, staff and Board members can consider the merits of and potential for tracking indicators at the grantee, Foundation, and regional levels.

Conclusion

Overall, the NWAf's grantmaking during the initial two years under its new strategic plan appears well-aligned with the outcomes and principles articulated in the new framework. Work over the preceding two years has stemmed directly from the new strategic plan. Wilder Research's assessment is also well-timed to inform additional refinements to the strategic plan as it is revisited over the next year, and the following diagrams summarize our recommended refinements to the NWAf strategic framework. Perhaps the greatest finding of Wilder's assessment is the overall picture that emerged of what the Foundation has been able to accomplish with limited resources, during an economic recession, and in its initial years operating under a new framework. Wilder's full report illustrates linkages across the Foundation's outcome areas and provides examples of specific outcomes within each area.

RECOMMENDED REFINEMENTS TO NWAFF STRATEGIC FRAMEWORK

Primary goal

Increase **assets and wealth** among people with low incomes

Key strategies

1. **Directly impact low-income people** in ways that are tightly connected to larger-scale results.
2. **Build regional infrastructure** to achieve sustainable prosperity, including individual and organizational capacity.
3. **Change public policies** to enable low-income people to get and keep assets.
4. **Leverage our impact** across outcome areas.

Targeted Funding Areas

- 1A. Support scalable efforts to directly serve low-income individuals through financial education, fair financial services, income supports, matched savings, access to credit, and innovation.
- 1B. Support workforce development and small business strategies, including green opportunities.
- 2A. Strengthen community organizing networks in the region.
- 2B. Strengthen the capacity of asset- and wealth-building organizations led by communities of color and seek opportunities to build on-the-ground leadership where it does not exist.
- 3A. Expand and develop the capacity of State Fiscal Analysis Initiative (SFAI) affiliates to monitor and advocate on behalf of policies and pledges initiated at the state level.
- 3B. Promote civic engagement to advocate for public policy.
- 3C. Support and disseminate policy research that informs or extends Foundation-supported work.
- 4A. Build relationships with other funders in strategic areas.
- 4B. Support forums for issues affecting low-income communities.
- 4C. Use program-related investments (PRIs) to leverage limited dollars and further the Foundation's philanthropic goals.
- 4D. Use leveraging tools to enhance work across grantees, Targeted Funding Areas, and outcomes.

GRANTMAKING GUIDELINES





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For more information

This summary presents highlights of the *Northwest Area Foundation grantmaking and leveraging: Assessment of the initial two years under a new strategic plan* report. This report and other reports on related topics are available at www.wilderresearch.org.

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