Beyond Grant Making

Amplifying philanthropy's impact in 2015 and beyond

ABOUT ARABELLA

Arabella Advisors works with foundations, philanthropists, corporations, and investors who are serious about impact and want to know their resources create meaningful change. We help our clients imagine what's possible, design the best strategies, learn what works best, and do the work necessary to realize their visions. To learn more about us, visit: **www.arabellaadvisors.com**.

Philanthropy is in a period of profound transition and innovation, with funders increasingly going beyond grant making to drive change. This shift has the potential to transform the field and every issue it touches. Recently, Arabella produced the following series of articles examining the move beyond grant making.

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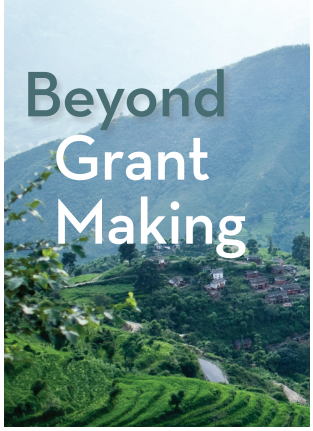
Arabella Advisors
Greater good



GOING BEYOND GRANT MAKING: AN OVERVIEW

In addition to making grants, enterprising philanthropists are inspiring and enabling impact by mining other assets and core competencies, including their investment capital; intellectual capital; networks and influence; voice and convening power; capacity to take risks, test, and learn; and more.

GWEN WALDEN

Gwen Walden is a senior managing director who leads Arabella's West Coast practice. She engages with clients on strategy, evaluation, and impact investing work, implementing programs and projects, and managing donor collaboratives.

LAUREN MARRA

Lauren Marra is a director at Arabella. She provides guidance on strategy, evaluation, and implementation projects. She works on launching large-scale initiatives, developing grant-making programs, and partnering with foundations to refine their strategic plans.

With Arabella's 10th birthday just a few months away, we paused to think about philanthropy's big-picture future—about key trends propelling the world and our field forward, about innovative work that's delivering impact in new ways, and about how that work is being organized and implemented. Those reflections led us to a few conclusions:

1. Philanthropy is now in a period of profound transition and innovation, and it has begun to move well beyond the realm of traditional grant making in its efforts to drive change.

Enterprising philanthropists now play a wider variety of roles and employ more diverse resources than ever before. No longer merely funders or donors, they are also impact-minded investors, networkers and influencers, conveners and community leaders, advocates, social entrepreneurs, and more. They are moving from making grants to inspiring, empowering, and enabling impact—not only through their grant making but beyond it. At the same time, new actors are arriving on the field of social change, and they are bringing with them new ideas, tools, and skill sets—at least some of which are inspiring traditional actors to adapt their approaches.

We believe this transition points to a shift in philanthropy's fundamental paradigm, a critical movement toward new models for achieving social change. At stake is not only the future of philanthropy as a field, but the future of every issue philanthropy touches: education, health, poverty, human rights, arts, climate, you name it. We have already seen this change begin to play out through our work supporting clients in engagements related to health, education, global development, climate change, and more.

2. While grant making remains philanthropy's single most powerful tool, it won't be enough on its own.

Done well, grant making achieves remarkable impact: it builds schools, cures diseases, alleviates suffering, and much more. Yet it faces limitations, as all approaches do. Statistics show that, adjusting for inflation, total giving has remained basically constant over the last 40 years. A key focus of strategic philanthropy has been, and remains, to use those dollars more effectively and efficiently. But those dollars will only ever go so far.

Recognizing that fact, innovative foundations, families, and individual philanthropists seek to go beyond grant making—to mine other assets and core competencies, including their:

- Investment capital
- Intellectual capital
- Networks and influence
- Voice and convening power
- Position as community leaders
- Capacity to take risks, test, and learn

In many cases, the new approaches they employ dovetail or overlap with traditional grant-making efforts. In fact, our experience suggests that the number of possible ways to combine approaches in pursuit of social change is nearly infinite. Sometimes the right solution is to use your voice and grants to pursue investment capital—or sometimes it's to use investment capital to support your grants and voice. In any case, the real point is to reach the desired outcome. The varied approaches are all means to an end: broader, more transformational impact.

3. Among the possible approaches, we see four as especially common and promising.

None of these approaches is new, but viewed together they help to define the sea change philanthropy is undergoing. They include:

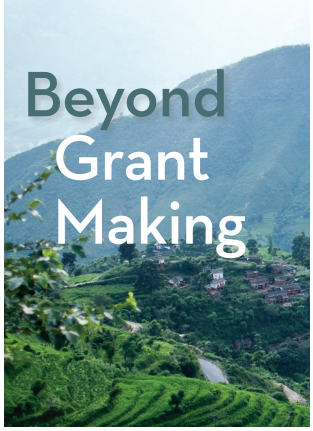
Using return-seeking investments to advance social and environmental causes: While the inflation-adjusted amount of giving in the United States has basically plateaued over the last 40 years, investment capital has risen significantly. At more than $300 billion, the giving market looks large—until you compare it to the investment market, which weighs in at around $60 trillion (or 200 times as big). By using their return-seeking investments to pursue solutions to social problems, philanthropists can make enormous strides.

Incubating, piloting, and launching new ideas and initiatives: Promising ideas with the power to effect deep social change require capital, rapid prototyping, and a higher tolerance for risk than many traditional grant makers can stomach. Employing nimbler resources, social entrepreneurs and enterprising philanthropists are working with fiscal sponsors and nonprofit management experts to incubate, pilot, and scale ideas that work—without the limitations that big institutions often struggle against.

Supporting and engaging in policy advocacy: In many cases, creating lasting change that accomplishes the goals funders seek will require fundamental policy shifts. Often, funders are uniquely positioned to have a say in policy-related processes, given their subject-matter expertise and high-level perspective on the field, voice in influential circles, and extensive networks, in addition to their financial capital.

Collaborating with others: Having realized that the world's wickedest problems cannot be solved by any one entity, foundations, impact investors, governments, and service practitioners are partnering in meaningful ways to achieve greater good. Changemakers are seeking to harness the power of collective voice both through collaboration among donors and through multi-stakeholder, cross-sector efforts that often include not only public agencies and funders, but also community leaders, grantees, and their beneficiaries.

In the pages that follow, we explore each of these four approaches in more depth. We invite you to join us by signing up for our Beyond Grant Making series at http://www.arabellaadvisors.com/beyond-grant-making/.



IMPACT INVESTING: FROM CUTTING EDGE TO CRUCIAL TOOL

Impact investing works. Not in every case and not always as expected, but when done well, it can create tremendous impact. We expect the field to grow significantly in 2015 and beyond.

CYNTHIA MULLER

Cynthia Muller leads Arabella's impact investing practice. She helps individual and institutional clients understand the field of impact investing, develop strategies, and structure investments to accomplish their social and environmental goals. She tweets from @cynmull.

Impact investing is no longer the new kid on the block. Thanks to the work of a variety of pioneers, it has become a recognized approach and—increasingly—a crucial tool that philanthropists, government funders, and other investors look to incorporate as they explore potential paths to the social and environmental change they seek. Leaders like the Ford Foundation, F.B. Heron Foundation, the Omidyar Network, the MacArthur Foundation, the Rockefeller Foundation, and others have helped pave the way, building the impact investing ecosystem by sharing lessons they've learned over the years—even the hard ones—and by finding ways to invest alongside other investors.

While the field is still answering a variety of key questions—including what does and doesn't constitute social impact, how to measure and compare returns, and where investors should go to find opportunities—we have moved past the "venture" phase of impact investing's development. It is maturing from idea to proven concept, ready to scale and show returns. Simply put: we now know enough to say that impact investing works. Not in every case and not always as expected, but it works in the ways that traditional grant making and investing both work: when done well, it delivers significant—and potentially huge—long-term value.

As the impact investing field continues to mature and grow, we expect to see four key trends take hold in the coming year (and beyond):

1. Increasing investment by smaller foundations and family offices, and increasing engagement from wealth advisors

By some estimates, more than $40 trillion will transfer from baby boomers to millennials over the next 30 years, the largest wealth transfer in history. Whether or not those estimates prove accurate, it's clear that a change is coming. Already, family offices and wealth advisors are reporting more interest in impact investing from clients, at least some of it driven by the increasing prominence of women and millennials. Women are inheriting more wealth and as such making more investment decisions, and studies show that they are more interested in investing in society and the environment. As for millennials: according to the 2014 Deloitte Millennial survey, nearly 30 percent believe business's number-one priority should be to improve society. Even as the tools of impact investing are becoming better established, demand for them is growing among the people who increasingly drive decision making within foundations and family offices—which in turn drives deeper engagement from wealth advisors who are keen to provide top-notch service to their clients.

2. Increasing clustering of investments in particular sectors

Of course, few (if any) investors are looking for generic "impact." Rather, they are looking to use their investments to drive outcomes related to the causes they care about: cli-

mate change, education, health care, etc. So it's no surprise that, as the impact investing field matures, investors and their investments increasingly cluster around particular sectors. Take the environment, for example. One recent conservation report from NatureVest and EKO Asset Management highlights $23.4 billion in documented impact investing transactions between 2009 and 2013. Meanwhile, the Divest-Invest campaign has captured headlines recently, as at least some major funders have promised to get out of oil and gas investments and into clean energy ones. It's one of many field campaigns now helping to motivate investors to seek out climate-related investments. We expect the momentum for climate-related investments to increase as more products and offerings become available, and we expect to see similar movement on education and health-care investing.

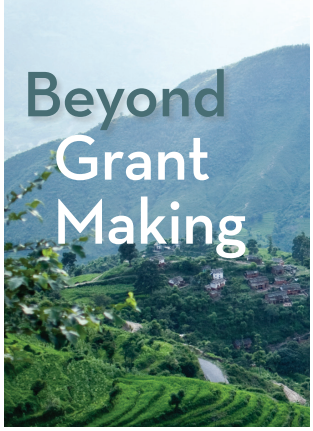
3. Multi-stakeholder collaborations

While the motivations for impact investing differ from investor to investor, many have shared objectives (hence the clustering mentioned above) and different players now see value in executing impact investments together through new and/or expanding partnerships. Along these lines, it's particularly exciting to see that impact investing has begun to expand beyond a core group of foundations and other socially-oriented investors and to attract a wider array of actors. Banks, corporations, and even pension funds are seeking ways to invest with different partners so that their investments yield social as well as financial returns. The tremendous growth in interest in and activities related to pay-for-performance contracts—such as social impact bonds and development impact bonds—is a key example. Investors see these as potential tools to engage multiple stakeholders from different sectors to leverage government and private resources to generate social impact along with financial returns. Expect to see much more written about these structures and best practices related to them in the coming year.

4. More data

Performance data—actual returns—represent perhaps the field's most important piece of missing information. For more funders and investors to routinely engage in impact investing, they will need to see a more complete track record, generated through better systems for tracking and broader reporting of both financial and social returns. In 2015, expect to see a growing number of industry reports highlighting trends on investment performance. Also expect to see more foundations and individuals sharing the characteristics and performance of their portfolios. Building on great primers and how-to guides from the Case Foundation, World Economic Forum, and others, the field is now moving past merely sharing what impact investing is and beginning to identify concrete practices for how investors can develop and execute their own strategies. As our shared base of knowledge and best practices continues to grow, we can streamline the investment process, reduce transaction costs, and continue to make impact investing more widely accessible.

While impact investing alone obviously won't solve the world's problems or replace the need for traditional grant making, it is a powerful and increasingly established approach to driving long-term impact and sustainable change. More funders will use it to go beyond grant making in the coming year and long after, putting a wide variety of new financial instruments to work in service of their missions.



ACCELERATING IMPACT THROUGH STRATEGIC INCUBATION

Innovative and enterprising philanthropists increasingly go beyond grant making by partnering closely with intermediaries who have the expertise to launch and accelerate their visions.

KATRINA BRIDDELL

Katrina Briddell is a director at Arabella, where she helps to manage several nonprofits, including the New Venture Fund, a 501(c)(3), and the Sixteen Thirty Fund, a separate 501(c)(4). Both serve as fiscal sponsors and incubators for new public interest projects.

CHRIS HOBBS

Chris Hobbs is a senior director who oversees Arabella's management of several nonprofits, including the New Venture Fund and the Sixteen Thirty Fund. Chris helps donors and social entrepreneurs turn their philanthropic visions into reality through innovative donor collaboratives, campaigns, and grant making.

Sophisticated funders and changemakers increasingly come to us with deep knowledge of an issue, a clear understanding of gaps in their fields, and an awareness of short-term opportunities to drive needed change. They know that launching a new initiative could achieve the change they seek, but they also want to be smart about using their resources—recognizing that creating an effort from the ground up requires significant labor, time, and expertise. The answer, in many cases, is working with an intermediary that can provide fiscal sponsorship, which enables a new initiative to function as a nonprofit entity without first going through the trouble of establishing itself as an independent public charity. More and more, though, funders and social entrepreneurs are looking for intermediaries whose support goes beyond the transactional nature of fiscal sponsorship and moves into the realm of strategic partnership. They look for fiscal sponsors that can serve as incubators and acceleration partners.

Over the last nine years, Arabella has worked closely with nonprofit intermediaries to implement funders' and changemakers' visions. Fiscal sponsors can increase efficiency, ensure compliance, and enhance effectiveness by providing the fundamentals of nonprofit administration—such as managing sub-granting, contracting, and providing human resources support for project staff. Increasingly, though, funders have the opportunity to draw on the knowledge and expertise their intermediary partners have accumulated through hosting multiple social change initiatives. Such fiscal sponsors can guide donors and social entrepreneurs through choices that can make or break a program, such as governance and decision-making structures, staffing plans, budget scenarios, and which consultants or technology solutions to engage. They can also provide projects with "accordion capacity" to think through challenges, serve as an extra pair of hands during a staff transition or busy period, and even manage a project's spinoff into an independent organization if and when the time is right. A few examples from recent work we've supported through the New Venture Fund (NVF), a 501(c)(3) public charity managed by Arabella,* illustrate some of the ways in which this strategic partnership can take shape.

Rapid start-up, ramp-up, and spinoff

We worked closely with the Bill & Melinda Gates Foundation to launch and incubate a new organization—the Literacy Design Collaborative (LDC)—which is creating a community of practice to share knowledge, improve literacy instruction, and provide professional development resources for tens of thousands of teachers across the country. LDC had an ambitious vision with regard to its operations: it planned to launch, scale quickly, and become independent within one year. After onboarding the executive director, we worked closely with him to develop a business plan for the organization and to recruit critical LDC staff. Even as we launched the

initiative, we were planning for its spinoff to a stand-alone organization, which included building the capacity of LDC's new staff to manage their own operations by sharing best practices in grants management, contract administration, and human resources. LDC looked to its fiscal sponsor both to help the initiative hit the ground running during an accelerated start-up phase and to prepare it for a sustainable future.

Increasingly effective collaboration

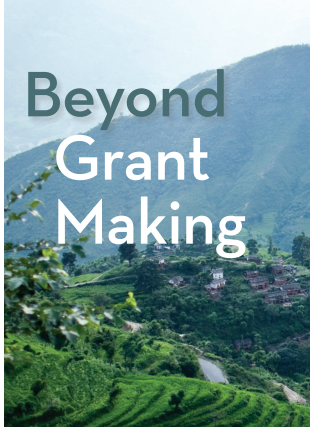
Arabella supports another project in which a number of donors pooled financial and other resources at NVF to advance state policies that strengthen public education in the United States. In addition to administering the pooled donor fund by issuing sub-grants and contracts to state partners, we helped develop a tool to enable the project's staff, donors, and stakeholders to work together more efficiently and navigate an ever-shifting state policy landscape. Our team is developing a set of common metrics and data points across each of the project's funding streams and gathering them into an impact dashboard, enabling project staff and funders to analyze data and recommend changes to their plans as they go. This tool is already allowing funding partners to collaborate more fluidly, keep their own staffs and boards apprised of the work, and make complementary investments.

Better alignment through strategic design

We also helped to launch and incubate the We Mean Business campaign at NVF, which seeks to increase corporate leadership on climate change around the world. Drawing together seven of the world's leading corporate networks on climate, We Mean Business is driving bold action on climate in the run-up to the next United Nations Climate Change Conference in 2015. While working closely with the program's director and lead donor to establish a fiscally sponsored project at NVF, Arabella drew upon our knowledge of the field's existing efforts in climate change, our work implementing a range of environmental advocacy strategies, and our program design experience to help refine the logic model, budget, and key performance indicators for the effort. We helped to incorporate these into the program's strategy, which resulted in a more impactful campaign that enabled it to secure the public endorsements of Ban Ki-Moon, Richard Branson, and the CEOs of Apple and IKEA when it launched during Climate Week in New York last September.

In each of these cases, the value of the intermediary extended far beyond providing basic fiscal sponsorship to relieve administrative burdens. It also included the team's ability to deeply understand the project's needs and share insights gained from incubating other social change initiatives. Going forward, we expect even more funders to go beyond grant making to launch initiatives—and in doing so, to partner with fiscal sponsors with the expertise and capacity to incubate and accelerate solutions that work. Doing so can enable them to achieve impact and scale more efficiently, effectively, and quickly.

**The New Venture Fund is an independent public charity that employs program staff and subject matter experts to further its charitable work but relies on Arabella Advisors to provide administrative, finance, human resources, compliance, and other specialized project support. Operational efficiency, economies of scale, and rapid responsiveness to dynamic capacity needs are just a few of the benefits of this staffing structure.*



THREE WAYS TO MAXIMIZE IMPACT THROUGH COLLABORATION

The philanthropic field now largely recognizes the importance of collaboration, but few funders fully exploit this powerful change-making tool. Here's how three different forms of collaboration can amplify impact and fit with any funder's strategy, time constraints, and financial resources.

LAUREN MARRA

Lauren Marra is a director at Arabella. She provides guidance on strategy, evaluation, and implementation projects. She works on launching large-scale initiatives, developing grant-making programs, and partnering with foundations to refine their strategic plans.

BRUCE BOYD

Bruce Boyd joined Arabella Advisors as a principal and managing director in 2007 after spending 20 years building and leading for-profit and nonprofit ventures. Bruce oversees the firm's Chicago office and has led a range of engagements for Arabella's foundation, individual and family, and corporate clients.

Over the last 10 years, Arabella has helped funders across the nation and around the world collaborate with other funders, grantees, businesses, government agencies, and civic groups. We have seen the power of effective collaboration—and also confronted the barriers to it. Reflecting on that experience, a few lessons stand out. First, funders can benefit from working together even if they don't have much time or money to invest in collaborative efforts and without taking big risks or sacrificing much decision-making power. Second, collaborative efforts are far more likely to succeed if and when they include 1) systematic alignment of clear and specific goals, 2) sound and fully articulated decision-making structures, and 3) frequent information sharing.

Below we review three cases in which we've seen funders go beyond grant making by collaborating with others—thereby amplifying their impact.

Collaborating to Learn Together

When it comes to society's toughest problems, multiple stakeholders often work to address the same issue from multiple directions. By sharing ideas, information, and know-how with their peers and partners, funders can increase shared knowledge about an issue, spread and deepen understanding of a community's needs, and augment each other's work. Collaborating to learn together typically requires little financial investment and few if any shifts to funders' individual strategies. And it doesn't reduce funders' autonomy or decision-making power. Its limitation, of course, is that increased understanding doesn't necessarily lead to coordinated action and impact, though it does lay the groundwork for its pursuit.

Arabella's recent work with an education funder and its grantees and donor partners provides an example of the potential benefits of learning together. Over the past year, Arabella convened a small group of K-12 education funders, researchers, and practitioners to discuss developments in the field of school leadership, their grant making and/or programmatic work, and what they are learning. During meetings, participants exchanged information on trends in building school leadership and principal capacity, effective teaching practices, and emerging grant-making opportunities. Together, this group helped to refine standards that school leaders should aim to meet in creating supportive and effective learning environments for teachers and students. Among other benefits, this collaboration enabled those who participated in it to consider how the eventual adoption of these standards could fit into and build upon their own organizations' efforts.

Collaborating to Align Existing Efforts

In other cases, funders go beyond learning together and aim to align their efforts more systematically. They bring together peers and grantees to agree upon shared or complemen-

tary strategies, invest in aligned causes, and/or create coalitions or working groups focused on specific issues. These efforts are more demanding than efforts simply to learn together, yet the case for them is clear: they reduce investment redundancies; decrease the complexity of the funding landscape for grantees; unearth and help to address unmet needs; and generate unified, coordinated, and more comprehensive problem-solving efforts—even as they allow funders to retain ownership of their individual strategies and grants. To work well, however, such aligned efforts typically require more of a funder's time, greater flexibility from its board and staff, and in many cases larger financial investments.

Arabella provides support to an initiative to prevent gun violence and its experiences and achievements demonstrate how strategically aligned giving can help strengthen a field's infrastructure, attract increased financial capital, and ultimately yield greater impact. Approximately four years ago, a group of US funders that included institutional, family, and small regional funders came together to coordinate and align their strategies for strengthening state and national policies to reduce gun violence. Funders mapped the strategies they individually were pursuing to achieve this goal—which ranged from support for research to state-based advocacy campaigns to grassroots organizing—and identified redundancies in their giving, gaps in strategy, and areas that could benefit from leveraged investment. After several years of coordinating, building mutual trust, and refining their collective strategies, the funders now align over $8 million of their direct grant making annually. They also jointly make grants through a pooled donor fund, which they use to meet time-sensitive needs, pilot approaches, and support projects that need supplemental funding to reach scale.

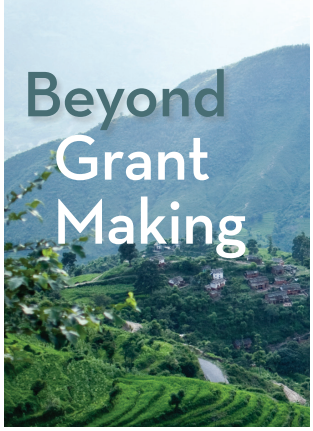
Collaborating to Create and Implement New Solutions, Strategies, and Approaches

While aligning existing entities' efforts can enhance results, sometimes addressing a serious social problem requires a new strategy, a different approach, or even the creation of an entirely new entity. We've helped donors drive such innovative efforts in several ways over the years, but pooled donor funds with shared visions and governance structures are among the most effective. The participants in such collaborative efforts are often familiar with one another, collectively recognize a gap in their field, and agree that closing the gap requires creating an ancillary strategy, approach, or entity. Such efforts require significant investments of time and resources, as well as concessions in individual funders' decision-making power. But given a clear and shared vision, a sound governance structure, adequate resources, and staff or external capacity to manage the collaborative effort, they offer the potential to pave new pathways to change.

We recently worked with a group of four funders seeking to promote sustainable agriculture while mitigating the harmful effects of climate change. The group believed the most effective approach to advancing their shared interests would be to encourage grantees to partner with one another to further their respective strategies. In early 2012, they launched a pooled fund to spur learning and partnership among researchers, practitioners, funders, and policymakers. They created a shared vision, a grant-making strategy, and a governance framework to guide the fund's work. They sought a fiscal sponsor to manage the pooled funds, solicited the guidance of an expert

advisory board, and enlisted Arabella's support to manage the collaborative's day-to-day work. As a central part of their strategy, they required potential grantees to propose projects that involved partnering with others. By mid-2014, the fund had made over $2 million in grants to 16 grantee partnerships, welcomed four new donor partners, and hired staff to manage the collaborative. Initial grantee reports show that working in partnership enabled them to better coordinate communication campaigns, create greater visibility for all partners, and better use research to inform practice—and vice versa.

In each of these cases, funders found ways to amplify the impact of their own investments of both time and money—as well as the contributions of other stakeholders—by going beyond traditional grant making through collaboration. They achieved a variety of goals while managing their time and resources appropriately. While it won't happen overnight, we expect philanthropy to continue to become more collaborative as current work begins to bear fruit and the models for working together effectively become more familiar.



ADVOCACY IN THE NEW WORLD OF POLICY INFLUENCE

Philanthropists need to find new ways to advocate in the post-Citizens United world—or risk ceding influence over critical policies to those who do.

SHELLEY WHELPTON

Shelley Whelpton is a managing director in Arabella's Washington, DC office. Shelley's work at Arabella focuses on leading teams of specialists to build customized plans for clients that integrate and maximize all aspects of their charitable assets, including grants, investments, relationships, and time.

ANDREW SCHULZ

Andrew Schulz manages Arabella's legal affairs, provides legal advice to the firm's leadership and staff, and ensures that the foundations and independent nonprofits Arabella helps to manage, such as the New Venture Fund, are in compliance with the law.

The rules of policy influence have changed, and the philanthropic sector needs to adapt accordingly. January 2015 marked the fifth anniversary of the Supreme Court's decision on Citizens United, which removed many restrictions on spending in political campaigns. In the wake of that ruling, high-risk, high-reward players—most notably high-net-worth individuals—were the first to test the new boundaries of money in politics. Meeting little resistance, they have pushed further than ever before. As more resources pour in, foundations and nonprofits will have to find new ways to have a voice in policymaking or risk ceding influence over national policy to those who are willing and eager to play by the new rules.

Simply put: to effect change, more philanthropists need to advocate. And philanthropists need to advocate more, working both harder and smarter. Investment in advocacy can deliver exponential return on investment, but only if donors do it well—if they incorporate best practices, learn from each other, and ask tough questions about the political landscape of their issue and what's needed to overcome resistance to the change they want to see. To achieve greater impact with limited resources, donors also need to be smart, creative, and brave. They will need to take risks, support innovative strategies, forge unlikely alliances, amplify the voices of vast numbers of people, and adjust expectations with regard to the timelines and measures of success.

At Arabella, we have long worked with philanthropists on a range of advocacy strategies. Philanthropy's role in advocacy has evolved considerably over the last few years, as funders have begun taking advantage of tools beyond grant making to address issues from multiple angles. While we've found many campaigns exciting, the two described below illustrate strategies many funders could employ to increase their impact.

Using Multiple Vehicles to Protect the Public's Rights in a Digital Age

Over the last year, we have worked closely with the Media Democracy Fund (MDF), an initiative that strives to advance internet openness, access to information, and expression through digital networks. MDF engages with issues that encompass policies and practices across sectors and that bridge partisan divides. It accomplishes its goals by supporting a diverse but networked set of grantees. Last year, MDF selected the New Venture Fund (NVF), a 501(c)(3) public charity managed by Arabella Advisors, as its organizational home. By housing MDF at a nonprofit with a well-developed operational infrastructure that provides strong back-office, human-resources, and financial-management support, MDF is able to focus its own staff resources on the work at which it excels: strategy development, campaign management, field monitoring, and strategic grant making. Working together, MDF and NVF can quickly conduct due diligence, ensure compli-

ance, and disburse grants. This collaborative infrastructure allows MDF's Rapid Response Fund and other grant-making initiatives to quickly address both opportunities and threats as the policy environment shifts.

In addition to incubating MDF at NVF, the project's donors also set up an affiliated 501(c)(4), the Media Democracy Action Fund. Running a (c)(4) campaign aligned to its policy objectives gives the project the ability to amplify MDF's work through lobbying and political activities targeted at policies that support equal access.

The flexibility of MDF's approach, and the capacity provided by NVF, enable MDF to execute a highly effective funding strategy. Many MDF-supported campaigns follow a disaggregated, networked model, rather than the traditional, centralized command and control model used in many policy advocacy campaigns. MDF grantees are geographically dispersed and represent a broad and diverse range of issues, strategies, organizing tactics, and communities. Through MDF, participating donors are able to easily support and explore a variety of tactics aimed at equal access: grassroots organizing, field building, public education, research, litigation, lobbying, and legislative and regulatory reform efforts. MDF donors understand that these tactics extend the impact of their grant investments in areas ranging from civic engagement to arts and culture, environment, and more. They entrust MDF's staff to manage and support its diverse network of grantees and to fuel support for the entire ecology of efforts that make access to information just and equitable.

MDF has deployed these strategies on many successful advocacy campaigns, including the effort to pass the Local Community Radio Act in 2010, reform of exorbitant prison phone rates, and the defeat of the Stop Online Piracy Act in 2012, which threatened free speech on the internet. Most recently, the campaign to protect and preserve net neutrality won a major victory: First, President Obama publicly urged the Federal Communications Commission (FCC) to reclassify broadband under Title II of the Telecommunications Act and thereby protect net neutrality; then, FCC Chairman Tom Wheeler proposed the reclassification.

Using a Spectrum of Approaches to Build Power in the Latino Community

Funders increasingly recognize that transformative change requires thinking creatively about the models they can develop to achieve it. Just over a year ago, a group of donors and changemakers enlisted our support to launch the Latino Victory (LV) initiative, which aims to amplify Latino voices in policy and to bridge the gap between the size of the country's Latino population and the number of elected Latino officials. While the project's funders know the importance of traditional grant making, they also recognize its limitations when it comes to ambitious civic engagement agendas. As such, they support LV in making smart, aligned investments through a range of funding vehicles: not only a 501(c)(3) and 501(c)(4), but also a PAC and Super PAC. As a result, the project is able to deploy a multi-level strategy that includes short- and long-term efforts: swift and targeted actions to support legislation or candidates that further Latino values (through (c)(4), PAC, and Super PAC dollars) as well as ongoing voter outreach and education (through (c)(3) dollars).

Some of the investments the project made in the last year show how its flexible funding enables it to promote long-term change even as it takes advantage of immediate opportunities. Prior to last year's elections, LV surveyed the

landscape and made a series of strategic decisions about where, how, and why to invest. In a congressional race in California's Thirty-First District, a Latino candidate, Pete Aguilar, was in a close race with rivals. LV used (c)(4) and PAC funding on lobbying and election-related activities, helping Aguilar win a seat in Congress. In other races, the project and its donors made significant investments in races where Latino candidates lost but where the investments were designed to increase Latino participation over the long term and begin to develop a political bench for future election cycles.

In states such as Florida and California, LV partnered with other groups to talk about issues that mattered to Latinos—such as education, the economy, and the environment—in order to raise awareness within the community. In addition to voter engagement, LV also supported important ballot initiatives, scoring a major win in Anaheim, California to move that city from at-large districts to local districts, thus creating the opportunity to increase Latino political participation in a city that is majority Latino but has no Latinos serving on the city council. Considering, among other factors, the critical long-term significance of the redistricting that will happen in 2020, building a political pipeline, supporting candidates, and engaging voters are important steps forward—and funders increasingly understand that acting now can reap rich rewards down the line.

Funders who support projects such as MDF and LV understand that the playing field of impact has changed. Traditional grants-only approaches can't always achieve the sustained change they seek, leaving funders looking at a wider-than-ever spectrum of tools, vehicles, strategies, and talent to find ways to increase the impact of their resources. Social change takes a long time and will require taking risks, learning from mistakes, and occasionally losing a fight along the path to progress. It will also, crucially, require engaging in advocacy.