

THE FORD FOUNDATION

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MEMORANDUM

TO: Ford Foundation Grantees

FROM: Alison R. Bernstein
Melvin L. Oliver
Bradford K. Smith

DATE: January 8, 2004

SUBJECT: Ford Foundation Policies

This memorandum describes important changes in Ford Foundation policy and practice that are now reflected in new language in our standard grant letter. We made these changes in response to heightened concerns among the public and policymakers about violence, terrorism, and bigotry and the possible misuse of philanthropic money for these purposes. We hope they make clear the values and assumptions that underlie our work together.

Ford's support for your work reflects our shared intent to strengthen democratic values, reduce poverty and injustice, promote international cooperation, and advance human achievement. The Foundation encourages initiatives by those living and working closest to where problems are located; promotes collaboration among the nonprofit, government and business sectors; and ensures participation by men and women from diverse communities and at all levels of society. We are dedicated to the pursuit of excellence, respectful debate and dialogue, and non-violent problem solving.

While your grant letter may have been issued before the new grant letter language was introduced, we hope that you will understand the need for the changes and accept the new language which is outlined below.

Violence, terrorism, bigotry, and the destruction of any state

We have added the following new language to our standard grant agreement letter: "By countersigning this grant letter, you agree that your organization will not promote or engage in violence, terrorism, bigotry or the destruction of any state, nor will it make sub-grants to any entity that engages in these activities." This prohibition applies to all of the organization's funds, not just those provided through a grant from Ford.

In addition, the grant letter now includes explicit language explaining that Ford may cease funding for failure to comply with terms of the grant letter and of the grant itself: "Failure to comply with the terms of this letter may result in immediate cessation of funding and/or support from the Foundation. In

addition, if your organization expends or commits any part of the grant funds for purposes or activities other than the purposes and activities for which this grant is made, your organization must repay to the Foundation an amount equal to the amount of grant funds so expended for other purposes or activities.”

Monitoring and oversight

We have always taken seriously the monitoring of grants – to ensure that we learn together, make necessary adjustments in strategy, and ensure that grantees are spending our funds according to approved budgets. We recently added several measures to improve our understanding of grantee finances and to make clear the right we have always had and sometimes exercised, to audit or investigate the use of our funds.

Now, our standard grant agreement letter will state explicitly: “The Foundation is authorized to conduct audits, including on-site audits, at any time during the term of the grant, and within four years after completion of the grant.” Beyond this, Ford has reinforced its oversight process with an expanded program of systematic grant audits. At our request, the international accounting firm KPMG has constructed a risk matrix that Ford will use to determine which grants we will audit under the expanded program.

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We appreciate the hard work you do and the many challenges inherent in it and look forward to working with you in the months and years ahead. If you have any questions about the changes outlined in this memo or other matters related to your work with us, please feel free to talk with your program officer or with other Foundation staff. And, thank you for your partnership with us.