

PURSUING OUR MISSION AS A RESPONSIBLE PHILANTHROPIC INSTITUTION

The Ford Foundation's goals are to strengthen democratic values, reduce poverty and injustice, promote international cooperation and advance human achievement. The Foundation pursues these goals in a variety of regions and countries, some of which are areas of violence and conflict. Wherever we work, the Foundation supports a broad range of people and institutions worldwide who share our dedication to fairness, justice, and a sense of mutual responsibility for humankind and the well being of the natural world around us.

As we pursue the Foundation's goals, we take all reasonable measures to fulfill our responsibilities as a tax exempt charitable organization. In particular, we want to make sure that our funds are used for the intended charitable purposes and do not support terrorist or other illegal activities. Because we appreciate the important work that our grantees do around the world, some in extremely difficult environments, we strive to fulfill our oversight responsibilities without creating undue burdens for them or being unduly intrusive into their affairs.

To ensure the appropriate use of our grant funds and compliance with U.S. anti-terrorism laws, the Foundation has extensive procedures for making and monitoring grants. These include the following:

1. **A pre-grant review** of a proposed grantee organization and its programs by a program officer who discusses the proposed work with the prospective grantee and assesses the organization's capacity to undertake it.

2. **Legal review** of proposed grants and of the written submissions by the prospective grantee.

3. **Compliance with U.S. Anti-Terrorism Financing Rules.** Under applicable law, the Foundation and other charitable organizations in the United States face penalties and potential criminal liability if grant funds are used to support acts of terrorism or to support persons or organizations that have been identified as terrorists or terrorists groups, including on lists published by the United States government. The Foundation respects the government's need to take appropriate steps to prevent the financing of terrorism and is committed to doing its part to ensure that its funds are not used for this purpose. At the same time, we are sensitive to the burdens placed on our grantees in responding to requests for information and to the importance of avoiding the creation of unwarranted suspicion.

To ensure its compliance with the law, the Foundation checks the names of grantee and potential grantee organizations, their boards of directors, and executive directors against nine publicly available lists: the OFAC Specially Designated Nationals and Blocked Persons lists, the United Nations Consolidated list, the EU Terrorism list, the INTERPOL Most Wanted list, and four FBI lists. These checks are made when the

Foundation first seriously considers a grant, before formally approving a grant, before the Foundation approves any payment to the grantee, and every day for each of the of the Foundation's roughly 4,000 active grantees.

The Foundation recognizes there can be mistakes on the list or the list checking can create "false positives" (i.e. names that appear to match in whole or in part with names on a list, but that after inquiry prove not to be the same person or organization). We make every effort to identify false positives and have found no instance in which a grantee or a principal of a grantee has been identified as a terrorist or having links to terrorism. The Foundation is committed to working with its grantees to address any issues that may arise during this process.

4. **A countersigned grant letter** from the grantee, which establishes a range of grant conditions. In 2003, the Foundation introduced the following provision in its standard grant 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 subgrants to any entity that engages in these activities."

The new grant letter language is consistent with the Foundation's core values and makes explicit what has always been implicit in our relationships with grantees—namely, that we do not want to support organizations whose conduct is antithetical to our objectives of promoting peace, justice, tolerance and understanding. In these times and given the highly charged places in which we do some of our work, we believe it is

important to make clear, in non-technical language, to our grantees around the world and to the public to which we are accountable where we stand and what we expect of organizations that receive our support.

The vast majority of grantees have accepted the new language. A few organizations, mainly universities, have raised questions and we have made every effort to answer their concerns and to clarify the application of the grant language to their organization's particular mission and activities. In response to a question as to the bearing, if any, of the new language on academic freedom, we took the opportunity to reaffirm our commitment to freedom of expression, including academic freedom. The following statement contains the basic points we have made to provide clarification to universities:

The Ford Foundation supports and endorses the principle of academic freedom. We recognize that it entails the expression by faculty, students and other individuals on campus of a broad range of views and opinions, which, in some cases, may be controversial, unpopular, or offensive. We value and support free and open debate. We do not intend to interfere with discussions in classrooms, faculty publications, student remarks in chat rooms, or other speech that express the views of the individuals. Our grant letter relates only to the official speech and conduct of the university and to speech or conduct that the university explicitly endorses; it is not intended to change the academic values of the university, nor to interfere in student admissions, faculty appointments,

curriculum and academic program development, or establishment of research programs.

5. **One or more site visits** by a program officer during the term of a grant.

6. **The requirement that grantees submit periodic financial and narrative reports** during the grant term, which are reviewed by a program officer and a grants administrator for compliance with the term of the grant.

7. **A new and expanded worldwide program of grantee audits**, instituted in 2003, for which the Foundation engaged an international accounting firm to help in the selection of grantees to be audited.