

# INVESTING INFRASTRUCTURE

May 13, 2016

Dear Foundation Colleagues,

This letter is a thank you and a request. First, we offer our heartfelt thanks to those foundations that have invested in the “nonprofit infrastructure” – those organizations devoted to supporting the health of the nonprofit sector. Second, we invite all foundations to join them. We offer, as a guideline, that foundations should consider directing at least 1% of their grantmaking budgets to support the infrastructure upon which the nonprofit sector is built.

An economy needs roads, bridges, and train stations to thrive. A community needs schools, parks, and houses of worship to ensure the flowering of human potential.

And civil society needs infrastructure to ensure that nonprofits and foundations can act with integrity and impact. Nonprofit infrastructure organizations run the **training** programs that support the growth of our staff and volunteers. They do the **research** to help us understand what works, and what doesn't. They build the **technology platforms** that make communication and learning possible. They hold the **conferences** that gather nonprofit leaders together and provide them the resources and connections to improve their work. They **advocate** for new levels of excellence to push us all to do better – and for policies that create the legal environment in which we work.

In short, they make foundations and nonprofits more effective in their quest to make the world better.

Wall Street has invested trillions to build its infrastructure institutions, whether Bloomberg, Morningstar, or the Harvard Business Review. And we as a society reap the successes – and the failures – of those institutions. Medicine, law, academia, and other sectors similarly rely on shared infrastructure to align their work and, at best, to magnify their impact.

Nonprofits, foundations, and social enterprises – private organizations devoted to the public good – form a central part of our society: more than one million organizations are responsible for more than one trillion dollars in economic activity in the United States alone. But, more, they are responsible for countless transformed lives, communities, and ecosystems.

The infrastructure that supports this nonprofit sector can collectively magnify or diminish this shared work for social good. And anyone who watches philanthropy closely knows it – we – have room to improve. Collectively, we waste hundreds of millions of dollars in a fundraising process that is full of duplication and confusion. Nonprofits struggle to find the right staff



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with the right skills. The power imbalance between foundations and nonprofits dampens the honest conversations that are so critical to any partnership. Too often nonprofit leaders do not reflect the diversity of the communities they serve. Too few organizations admit failure; and, thus, few learn from it.

These are solvable problems. With the right investments in civil society's supporting institutions – across the local, state, national, and global levels – we can reach new levels of efficiency, ethics, and excellence.

In the past, foundation staff and board members have been driven to support infrastructure by a range of emotions. Some foundations fear government regulation and thus want to invest in self-regulation or policy defense. Others are driven by guilt, a realization that they are free-riding on the investments of others. And still others are driven by frustration that philanthropy has not yet reached its potential.

**We ask you to invest out of hope.** A hope that we can build a civil society that is capable of tackling the great challenges of our time. A hope that foundations and nonprofits alike can be more effective in pursuit of their goals.

We infrastructure organizations pledge to devote ourselves to magnifying the good created by philanthropy. We promise to hold ourselves to a high standard and to constantly strive to improve our own effectiveness. And, more, we pledge to work better together – to share, to collaborate, and to even consolidate where appropriate.

So, our request to you is simple: continue your investment in the nonprofit sector. And make sure you support those institutions that make your work – all of our work – better. If all foundations invest we can build a civil society capable of tackling the great challenges of our time.

This is not the price of admission, not a good neighbor policy; it is an investment in impact.

Our best regards and thanks for your consideration.



Jacob Harold, President and CEO

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