

# Ensuring Grants Are Used for Charitable Purposes

## 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. 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.

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](#).

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.

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