

ROADBLOCK ANALYSIS REPORT



AN ANALYSIS OF WHAT GOES WRONG IN IMPACT-FOCUSED PROJECTS

2018





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EXECUTIVE SUMMARY

Background

[Open Road Alliance](#) is a philanthropic initiative that keeps impact on track by [providing capital](#) to social impact organizations facing an unexpected roadblock during project implementation. As such, every organization that approaches Open Road for funding is facing an [impact-threatening problem](#). In 2017, Open Road conducted an analysis of 102 applications from the past five years to assess trends in its portfolio. The analysis looked at multiple variables, including the size of the organization, project type, sector focus, geographic focus, legal status, and type of original funder. The analysis also coded each application under a taxonomy of “roadblocks” that describe 22 specific challenges that these organizations faced, divided into three broad categories: Organization Misfortune, Acts of God/Market Economics, and Funder-Created Obstacles. The findings from this multivariable roadblock analysis provide **the first-ever empirical dataset on “what goes wrong”** in impact-focused projects and offer early conclusions on how specific roadblocks correlate with other variables.

The Dataset

Over the past five years, Open Road has systematically collected data on its portfolio of applicants for grants and loans, including applications that were ultimately denied. As of September 1, 2017, this dataset numbered 102 observations. Open Road analyzed this data in September for trends, patterns, and any statistically significant correlations using descriptive analysis and statistical analysis via probit regressions in STATA.

Each data point in this set represents a project that was mid-implementation (i.e., fully funded) and that experienced an unforeseen disruption that required a one-time grant or loan to implement a discrete solution. Thus, each of the 102 projects represented encountered an unexpected obstacle that, without additional funding, would derail the impact of that project.

Main Finding

The most conclusive finding from the analysis is that **the most frequently occurring roadblocks are those that are inadvertently caused by funders**. Funder-Created Obstacles make up 46% of the roadblock dataset and include specific obstacles such as a Delay of Disbursement, a Change in Funder Strategy, and Funder Policy Inflexibility. With only a few exceptions, Funder-Created Obstacles are the most frequent roadblocks across all sectors, funder types, project types, geographic focus, and organization size. Thus, funders are frequently – if unintentionally – contributing to disruptions to project implementation and, in doing so, threatening the impact of their own investments.

To illustrate this point, Open Road has taken a closer look at the specific scenarios of the two most common Funder-Created Obstacles: Change in Funder Strategy and Delay of Disbursement. By examining the individual stories told by applicants, we have found that most applicants cited **failed communication or poor expectation-setting** with their original funder. For example, when applicants reported a Change in Funder Strategy as the roadblock, often that change did not occur out of the blue. Rather, nonprofits and social enterprises were informed of an upcoming shift but were reassured (often multiple times) that they would not be affected. Then, at the last minute, these assurances were reversed and applicants were informed that they would not receive funding because of a Change in Funder Strategy. Likewise, Delay of Disbursement largely represents scenarios in which a specific date or timeline was given to the nonprofit or social enterprise by the funder, and despite repeated assurances, receipt of funds was significantly delayed to the point of threatening the viability of the project and, in some cases, the organization itself.

In the case of Funder Policy Inflexibility (tied for third most common roadblock¹), we see another story of funders inadvertently undercutting their own investments. In this roadblock, the narrative is one where the original funder genuinely wants to assist its grantee but cannot due to internal red tape. In one classic example, a foundation with more than \$1 billion in endowed funds referred one of its grantees to Open Road because it could not access an internal mechanism to provide an interim \$90,000 grant to the project between grant cycles. Without the \$90,000, the grantee – whom the foundation touted as the most impactful project in that particular portfolio – would have been unable to meet payroll.

As this data indicates, the actions (or often, inactions) that funders take have material consequences for the organizations they partner with. The prevalence of Funder-Created Obstacles suggests that funders have the opportunity to significantly maximize impact by reevaluating their grantmaking and investment practices to determine what changes can better serve the needs of their partners.

Additional Observations for Consideration

In addition to the main finding – that Funder-Created Obstacles are the most common roadblocks during project implementation – there are a few other narratives suggested by the dataset. Given the sample size, these subfindings cannot yet be considered concrete conclusions; however, they pose interesting considerations for both funders and the organizations they fund.

The first observation is that while Funder-Created Obstacles - as a category - is overwhelmingly the most common across the dataset, there are a few exceptions when the data is analyzed by *individual* roadblocks:

Agriculture and Health are two sectors in which the most common individual roadblocks do not fall under the Funder-Created Obstacles category. In other words, while Health and Agriculture projects are affected by Funder-Created Obstacles, in aggregate, more often than Acts of God/Economics or Organization Misfortune, the most frequently occurring individual roadblock was *not* funder-created in either sector.

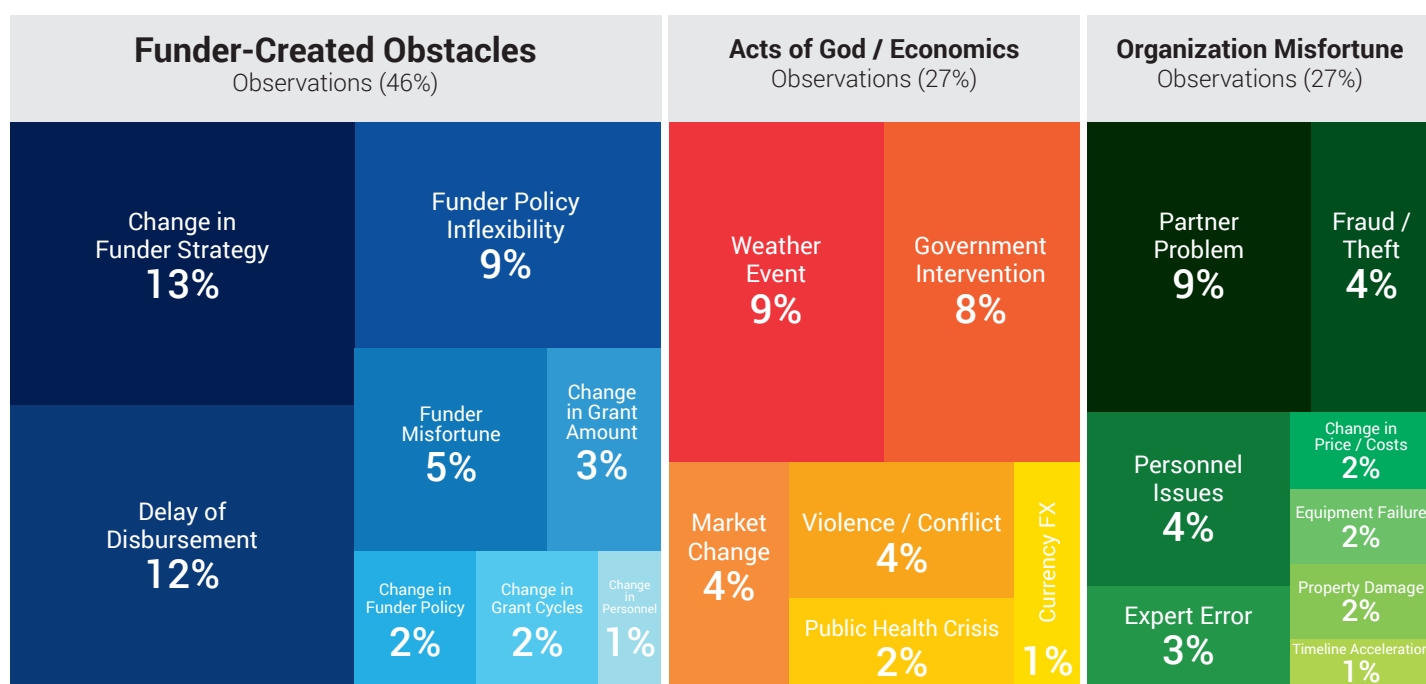
¹ Also tied for third most common roadblock are Partner Problems and Weather Events.

Instead, agriculture projects are disproportionately affected by Weather Events (falling under the Acts of God / Economics category) compared with other sectors.² This finding follows common sense expectations, and yet it is a data point that suggests more planning or risk mitigation against weather-related risks is valuable.

In contrast, Health projects are disproportionately affected by Partner Problems (falling under the Organization Misfortune category)³ defined as a scenario in which the actions of a third party threaten to derail the project. For example, the viability of a clinical trial is put in jeopardy when field partners are slow to respond to requests necessary to meet federally funded human subject research requirements. While it is unclear from the data why this is the case, one hypothesis is that since most healthcare projects work at a very localized community level, by necessity they are more dependent on local partners and/or local/regional/federal governing bodies than projects focused on other sectors. Therefore, any obstacle presented by a local partner (e.g., partner pulls out, partner lacks sufficient skill or capacity, local government stalls project) is more likely to result in a make-or-break situation.

An area where Funder-Created Obstacles is not the primary roadblock category is in projects funded by Family Foundations. Our hypothesis is that since Family Foundations tend to be smaller, they enjoy more flexibility, greater speed, and more direct communication with their grantees compared with government funders or larger institutional donors. This flexibility and direct communication help Family Foundations avoid the poor expectation-setting and policy burdens that seem to contribute to many Funder-Created Obstacles. **In short, Open Road's analysis suggests that Family Foundations present the most flexibility as funders.**

ROADBLOCKS FACED BY CATEGORY



² Only 9 out of 102 projects encountered problems related to a Weather Event; however, 56% of the time (5 projects) this roadblock occurred in the Agriculture sector.

³ Only 9 projects encountered Partner Problems; however, 44% of the time (4 projects) this roadblock occurred in the Health sector.

Next Steps

The implications of this analysis are sobering because this data suggests that the biggest barrier to effective impact and the greatest pain point for nonprofits and social enterprises are their own funders. We have become our own enemy in the pursuit of impact and return on investment (ROI). The philanthropic sector as a whole has spent the better part of the past decade seeking to increase effectiveness through increased accountability, measuring impact, and heightened due diligence. However, this research suggests that efforts to professionalize our own work through increased policy and procedure and efforts to ensure fiscal accountability through restricted grants have unintended, harmful consequences that we now are seeing.

The good news is that the philanthropic community can directly affect the main threat to impact. Viewed through a different lens, these findings are highly encouraging because they point to challenges that are entirely within our control to change and prevent. Were the most common roadblock related to Acts of God, for example, both funders and nonprofits would have little recourse to prevent the risk of derailment. Based on this data, along with additional research⁴ conducted by Open Road, this study suggests two ways forward that promise to offer the greatest reduction in roadblocks faced by mid-implementation projects:

1. Communication and expectation-setting. The issues of Change in Funder Strategy and Delay in Disbursement become major roadblocks when clarity and accuracy of funder-grantee communications are compromised. While increasing direct communication with grantees can be helpful, the main difficulties arise primarily from what is communicated, rather than how often. Funders should use these findings to recognize that what they say matters. Whether or not they intend it, their comments – no matter how unofficial or informal – often translate into real-life budget and cash flow projections in the plans and timelines of their partners. When promises are unfulfilled, decisions reversed, or delivery of funds delayed, grantees or investees often do not have the ability to absorb costs or pivot to alternate sources of funding within short time frames.

This data is also a cautionary tale for nonprofits and social enterprises. While organizations must build financial projections based on the information available, they should also expect a bit more uncertainty in their funder relationships and, where at all possible, adjust budget projections accordingly. Moreover, this study offers a valuable window into internal funder constraints, an area often invisible to grantees. At larger institutions, for example, program officers themselves may be misinformed about the availability of funds or the direction that a new organizational strategy is headed. In five years of working with foundations large and small, Open Road has never met a funder who intentionally misled its grantee. The dataset also includes stories where grantees themselves failed to communicate their cashflow needs because they didn't want to seem "pushy" or "over-ask." Transparency, candor, and a grain of salt from both funders and implementers will help reduce roadblocks due to Change in Strategy and Delay in Disbursement.

⁴2015 Survey Analysis; Risk Toolkit (2017); Foundation Review (2017).

2. Organizational flexibility. Looking at the third most common roadblock, Funder Policy Inflexibility, the correctional course of action is suggested in the roadblock itself: flexibility. Too often, funders treat their current grantmaking procedures as inviolable law. Many of the applicants in this dataset were initially referred to Open Road by other funders who say they want to help their grantees but can't because "it's against policy" or "we don't have a procedure for that" or "we don't have the money," which typically just means they didn't budget for it. While bureaucratic procedures are created for good reasons – they set expectations, create consistency, streamline internal functions, and maintain standards – many procedures may also carry unintended and harmful consequences for grantees. Changing or adjusting established procedures is difficult. This is true for even the most flexible organizations and often much harder for larger, older, or more institutionalized groups. However, this study suggests that changing funder policies to increase flexibility can directly avoid a significant number of impact-threatening roadblocks downstream. Three specific ideas of more flexible policies include:

- Adjusting grant cycles to meet grantee cash flow needs (rather than funder convenience).
- Including contingency funds in annual grantmaking budgets with the expectation that some grantee, somewhere, will need additional funding between grant cycles.
- Reducing limitations on what grant money can be spent on and when it can be spent.



METHODOLOGY

Over the past five years, Open Road has systematically collected data on its portfolio of applicants for grants and loans, including applications that were ultimately denied. Open Road accepts applications to overcome roadblocks or pursue unexpected catalytic opportunities. As of September 1, 2017, Open Road approved 118 grants and loans, including 94 projects that presented with a roadblock and 24 projects that presented with a catalytic opportunity.

The dataset in this study includes the 94 roadblock scenarios plus eight additional roadblock applications that matched our funding criteria of mid-implementation, unexpected, and discrete but were ultimately denied for other reasons. Thus, the final sample in this study is composed of 102 roadblock observations collected from applicants between March 2012 and September 1, 2017. In September 2017, Open Road analyzed this data for trends, patterns, and any statistically significant correlations, using descriptive analysis and statistical analysis via probit regressions in STATA.

Each data point in this set represents a project that was mid-implementation (i.e., fully funded) and that experienced an unforeseen disruption that required a one-time grant or loan to implement a discrete solution. Thus, each of the 102 projects represented encountered an unexpected obstacle that, without additional funding, would have derailed the impact of that project.

Data collected on applicants includes the size of the applying organization, project type, sector focus, geographic focus, and where the original funding came from. Applicant organizations self-selected these answers, which were then verified by Open Road's research team.

The dataset is also coded for 22 different kinds of disruptions (Change in Funder Strategy, Fraud/Theft, Weather Event, Currency Fluctuation, etc.) that fall under one of three umbrella categories: Funder-Created Obstacles, Acts of God/Economics, or Organization Misfortune.⁵ While the overall sample is still relatively small when broken up into its respective categories, this unique dataset is already revealing some clear trends that are relevant to the philanthropic sector at large.

Coding of roadblocks was done independently and directly by Open Road's research team. Every project was reviewed, coded, and verified by the same individuals. This allowed for consistency in judgment and interpretation of the type of roadblock. In general, Open Road took applicants' narratives at face value and did not independently verify their claims absent of evidence suggesting a need for clarification. In cases of uncertainty, Open Road reached out to the applying organization and/or other parties, such as the original funder, for clarification and confirmation.

In some cases, an application presented to Open Road with multiple or overlapping roadblocks. For example, an organization working toward financial inclusion in the United States had its growth plans put in jeopardy, first when an internal restructure at a foundation caused a significant delay in funds and then when the donor who had stepped up to fill the gap passed away unexpectedly.

In these cases, we identify primary and secondary roadblocks. A primary roadblock represents the most recent roadblock faced by the organization chronologically and/or the event that was unrecoverable. In layman's terms, the primary roadblock is the straw that broke the camel's back. Of this dataset, 26 projects presented with primary and secondary roadblocks. While secondary roadblocks are not included in the results of this report, to test for validity of the overall results, we did run a simple analysis including both primary and secondary roadblocks, thus increasing the dataset to 128 roadblocks. When secondary roadblocks are included, the main findings of this report are reinforced. For detailed findings, see page 20.

⁵For a full taxonomy of all 22 roadblocks, see Appendix A.



DESCRIPTIVE ANALYSIS: By Roadblock

This report analyzes the roadblock portion of Open Road's portfolio (i.e., only projects that encountered an unexpected roadblock). Roadblocks make up 80% of Open Road's grants and loans between March 2012 and September 2017, 102 projects in all.

Each project was coded for the type of roadblock encountered and the project's original funder and cross-examined with key variables that are regularly tracked in Open Road's portfolio.

The examined projects encountered 22 different roadblocks across 102 projects, highlighting the variety of unexpected events that can potentially stop or delay projects and ultimately affect a project's impact. A complete list of roadblock categories and definitions can be found in Appendix A. The findings in this report provide the first-ever empirical dataset on "what goes wrong" in grant-funded projects and offer early conclusions on how specific roadblocks correlate with other factors. This dataset will continue to be tracked and expanded upon as Open Road's portfolio grows.

Of the recorded roadblocks, 46% are due to Funder-Created Obstacles, whether it be a Change in Funder Strategy, a Delay of Disbursement, or Funder Policy Inflexibility, among others. Of these, 27% are due to Acts of God or Market Economics, such as government policy changes or currency demonetization, and 27% of roadblocks are due to Organization Misfortune.

Roadblock Type	Observations (#)	Observations (%)
Acts of God / Market Economics	28	27.4%
Funder-Created Obstacles	47	46.1%
Organization Misfortune	27	26.5%
Total	102	100%

Not all key metrics showed clear trends or a concentration of roadblocks, but several did. The two most frequent roadblocks are Change in Funder Strategy and Delay of Disbursement.

Roadblock Type	Observations (#)	Observations (%)
Funder-Created Obstacles: Change in Funder Strategy	13	13%
Funder-Created Obstacles: Delay of Disbursement	12	11%
Acts of God / Economics: Weather Event	9	9%
Funder-Created Obstacles: Funder Policy Inflexibility	9	9%
Organization Misfortune: Partner Problem	9	9%
Acts of God / Economics: Government Intervention or Change	8	7%
Funder-Created Obstacles: Funder Misfortune	5	5%
Acts of God / Economics: Market Change / Economic Crisis	4	4%
Acts of God / Economics: Violence / Conflict	4	4%
Organization Misfortune: Fraud / Theft	4	4%
Organization Misfortune: Personnel Issues (departure, change, etc.)	4	4%
Funder-Created Obstacles: Change in Grant Amount / Insufficient Amount	3	3%
Organization Misfortune: Expert Error	3	3%
Acts of God / Economics: Public Health Crisis	2	2%
Funder-Created Obstacles: Change in Funder Policy	2	2%
Funder-Created Obstacles: Change in Grant Cycles	2	2%
Organization Misfortune: Change in Price / Costs	2	2%
Organization Misfortune: Equipment Failure	2	2%
Organization Misfortune: Property Damage	2	2%
Acts of God / Economics: Currency FX	1	1%
Funder-Created Obstacles: Change in Personnel	1	1%
Organization Misfortune: Timeline Acceleration	1	1%
Total	102	100%





DESCRIPTIVE ANALYSIS: By Sector

Open Road has no stated sector or geography focus; however, the largest sectors in our roadblock portfolio are Health (18%), followed by Agriculture (16%) and Education (13%).

Sector	Observations (#)	Observations (%)
Health	18	18%
Agriculture	16	16%
Education	13	13%
Human Rights	12	12%
Microfinance & SMEs	11	11%
Environment	8	7%
Other	8	7%
Infrastructure	5	5%
WASH	4	4%
Employment & Workforce Development	3	3%
ICT for Development	2	2%
Leadership Development	2	2%
Total	102	100%

In Agriculture, Education, Environment, Health, Leadership Development, and Human Rights, the most frequent roadblocks are Funder-Created Obstacles. In Employment and Workforce Development projects, the most frequent roadblocks are Acts of God or Market Economics. In ICT for Development, Microfinance and SMEs, and Other projects, the most frequent roadblocks are Funder-Created Obstacles and Organization Misfortune. In WASH and Infrastructure projects, the most frequent roadblocks are Funder-Created Obstacles and Acts of God or Market Economics.

Sector	Acts of God / Economics	Funder-Created Obstacles	Organization Misfortune	Total
Agriculture	5	7	4	16
Education	4	6	3	13
Employment & Workforce Development	1	-	2	3
Environment	2	4	2	8
Health	5	7	6	18
Human Rights	4	8	-	12
ICT for Development	-	1	1	2
Infrastructure	2	2	1	5
Leadership Development	-	2	-	2
Microfinance & SMEs	1	5	5	11
WASH	2	2	-	4
Other	2	3	3	8
Total General	28	47	27	102

Additional Detail:

- In Agriculture projects, the most frequent roadblocks (44%) are Funder-Created Obstacles.
- In Education projects, the most frequent roadblocks (46%) are Funder-Created Obstacles.
- In Employment and Workforce Development projects, the most frequent roadblocks (67%) are Organization Misfortune.
- In Environment projects, the most frequent roadblocks (50%) are Funder-Created Obstacles.
- In Health projects, the most frequent roadblocks (39%) are Funder-Created Obstacles.
- In Human Rights projects, the most frequent roadblocks (67%) are Funder-Created Obstacles.
- In ICT for Development projects, the most frequent roadblocks are Funder-Created Obstacles (50%) and Organization Misfortune (50%).
- In Infrastructure projects, the most frequent roadblocks are Funder-Created Obstacles (40%) and Acts of God or Market Economics (40%).
- In Leadership Development projects, the only roadblocks (100%) are Funder-Created Obstacles.
- In Microfinance and SMEs projects, the most frequent roadblocks are Funder-Created Obstacles (45%) and Organization Misfortune (45%).
- In WASH projects, the most frequent roadblocks are Funder-Created Obstacles (50%) and Acts of God or Market Economics (50%).
- In Other projects, the most frequent roadblocks are Funder-Created Obstacles (38%) and Organization Misfortune (38%).

It is interesting to note that for Agriculture projects, the most frequent single roadblock (5 projects) is a Weather Event.

Agriculture Roadblocks	Observations (#)
Acts of God / Economics: Weather Event	5
Funder-Created Obstacles: Change in Funder Strategy	4
Organization Misfortune: Partner Problem	2
Funder-Created Obstacles: Change in Funder Policy	1
Funder-Created Obstacles: Delay of Disbursement	1
Funder-Created Obstacles: Funder Policy Inflexibility	1
Organization Misfortune: Equipment Failure	1
Organization Misfortune: Personnel Issues (departure, change, etc.)	1
Total	16

Roadblocks in Health	Observations (#)
Funder-Created Obstacles: Delay of Disbursement	4
Organization Misfortune: Partner Problem	4
Acts of God / Economics: Government Intervention or Change	2
Funder-Created Obstacles: Change in Grant Amount / Insufficient Amount	2
Acts of God / Economics: Currency FX	1
Acts of God / Economics: Public Health Crisis	1
Acts of God / Economics: Violence / Conflict	1
Funder-Created Obstacles: Change in Funder Strategy	1
Organization Misfortune: Equipment Failure	1
Organization Misfortune: Expert Error	1
Total	18

For the Health sector, Delay of Disbursement (22%) and Partner Problems (22%) are the most frequent roadblocks.

For the Human Rights sector, one-third of the roadblocks are related to Funder Policy Inflexibility.

Roadblocks in Human Rights	Observations (#)
Funder-Created Obstacles: Funder Policy Inflexibility	4
Funder-Created Obstacles: Change in Funder Strategy	2
Acts of God / Economics: Government Intervention or Change	1
Acts of God / Economics: Public Health Crisis	1
Acts of God / Economics: Violence / Conflict	1
Acts of God / Economics: Weather Event	1
Funder-Created Obstacles: Change in Funder Policy	1
Funder-Created Obstacles: Funder Misfortune	1
Total	12

Agriculture projects are disproportionately affected by Weather Events when compared with other sectors. Only 9 projects in the Open Road portfolio encounter problems related to Weather Events; however, 56% of the time, this roadblock occurs in the Agriculture sector (5 projects).

ROADBLOCK – Acts of God / Market Economics: Weather Event		
Sector	Observations (#)	Observations (%)
Agriculture	5	56%
Infrastructure	2	22%
Human Rights	1	11%
Other	1	11%
Total	9	100%

Health projects are disproportionately affected by Partner Problems. Of the 9 Partner Problems projects, 44% of them are in the Health sector (4 projects).

ROADBLOCK – Organization Misfortune: Partner Problem	
Sector	Observations (#)
Health	4
Agriculture	2
Education	1
Environment	1
Microfinance & SMEs	1
Total	9



DESCRIPTIVE ANALYSIS: By Geography

Sub-Saharan Africa projects make up 45% of Open Road's overall portfolio but represent 52% of its roadblock portfolio. Southeast Asia projects make up 12% of Open Road's overall portfolio but are 7% of its roadblock portfolio. The other regions' percentages remain relatively consistent from the overall portfolio to the roadblock portfolio.

Project Location	Roadblocks and Opportunities (%)	Roadblocks (%)	Difference
Sub-Saharan Africa	52.0%	45.0%	7.0%
Asia	3.0%	2.0%	1.0%
Middle East	3.0%	2.0%	1.0%
United States & Canada	14.0%	14.0%	0.0%
Northern Africa	2.0%	2.0%	0.0%
Caribbean & Latin America	12.0%	12.0%	0.0%
Global	7.0%	11.0%	-4.0%
Southeast Asia (including India)	7.0%	12.0%	-5.0%
Total	100%	100%	-

In Asia, the Middle East and Northern Africa, Southeast Asia (including India), sub-Saharan Africa, the United States and Canada, and Global projects, the most frequent roadblocks are Funder-Created Obstacles. In Latin America and the Caribbean, however, the most frequent roadblocks are Acts of God or Market Economics.

Additional Detail:

- In Asia projects, the most frequent roadblocks are Funder-Created Obstacles (67%).
- In Global projects, the most frequent roadblocks are Funder-Created Obstacles (86%).
- In Middle East and Northern Africa projects, the most frequent roadblocks are Funder-Created Obstacles (80%).
- In Southeast Asia (including India) projects, the most frequent roadblocks are Funder-Created Obstacles (57%).
- In sub-Saharan Africa projects, the most frequent roadblocks are Funder-Created Obstacles (42%).
- In US and Canada projects, the most frequent roadblocks are Funder-Created Obstacles (40%) and Organization Misfortune (40%).
- Finally, in Latin America and Caribbean projects, the most frequent roadblocks are Acts of God or Market Economics (67%).

Project Location	Acts of God / Market Economics	Funder-Created Obstacles	Organization Misfortune	Total
Asia	1	2	-	3
Caribbean & Latin America	8	3	1	12
Global	1	6	-	7
Middle East	-	3	-	3
Northern Africa	1	1	-	2
Southeast Asia (including India)	2	4	1	7
Sub-Saharan Africa	12	22	19	53
United States & Canada	3	6	6	15
Total	28	47	27	102



DESCRIPTIVE ANALYSIS: By Project Type

The majority of Open Road's roadblock portfolio is composed of Direct Service projects (60%) and Operations/ Capacity-Building projects (26%). Advocacy projects make up 4% of the portfolio, but 75% of Advocacy projects experience Funder Policy Inflexibility.

Sector	Observations (#)	Observations (%)
Direct Service / Delivery	61	60%
Operations / Capacity-Building	27	26%
Research	9	9%
Advocacy	4	4%
Other	1	1%
Total	102	100%

For Advocacy projects and Other projects, the only roadblocks (100%) are Funder-Created Obstacles and Organization Misfortune, respectively. In Direct Service/Delivery and Operations/Capacity-Building projects, the most frequent roadblocks are Funder-Created Obstacles. In Research, the most frequent roadblocks are Organization Misfortune.

Additional Detail:

- In Advocacy projects, the only roadblocks (100%) are Funder-Created Obstacles.
- In Direct Service/Delivery projects, the most frequent roadblocks (48%) are Funder-Created Obstacles.
- In Operations/Capacity-Building projects, the most frequent roadblocks (44%) are Funder-Created Obstacles.
- In Research projects, the most frequent roadblocks (56%) are Organization Misfortune.
- In Other projects, the only roadblocks (100%) are Organization Misfortune.

Project Type	Acts of God / Economics	Funder-Created Obstacles	Organization Misfortune	Total
Advocacy	-	4	-	4
Direct Service / Delivery	20	29	12	61
Operations / Capacity-Building	6	12	9	27
Research	2	2	5	9
Other	-	-	1	1
Total	28	47	27	102



DESCRIPTIVE ANALYSIS: By Original Funder Type

The most common original funders in Open Road's roadblock portfolio are projects funded by Family Foundations (17 projects), Government Donors (16 projects), Multiple Donors (15 projects), and Corporate Foundations (13 projects). Delays of Disbursement are overwhelmingly present when the original funder is a government entity. Six of 12 projects that experienced a Delay of Disbursement were originally funded by a government entity: USAID (3 projects), Multilateral (2 projects), and Government Donor (1 project).

Original Funder	Observations (#)	Observations (%)
Family Foundation (living donor and/or smaller org)	17	17%
Government Donor (non-USAID)	16	16%
Multiple Donors	15	15%
Corporate Foundation	13	12%
Institutional Foundation (non-living donor and/or top 50 largest orgs)	10	10%
Investor / Lender	10	10%
Multilateral	10	10%
USAID	8	7%
Community Foundation	1	1%
Individual Donor (via DAF, personal check, or no-staff foundation)	1	1%
Self-Funded	1	1%
Total	102	100%

Of the 13 projects originally funded by a Corporate Foundation, the most frequent roadblocks are Funder-Created Obstacles with 9 projects (69%). Of the 17 projects funded by Family Foundations, the roadblocks experienced are fairly evenly distributed with the most frequent roadblock being Acts of God or Market Economics with 7 projects (41%).



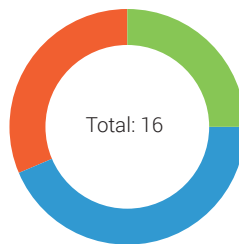


Additional Detail:

- Of the 16 projects originally funded by Government Donors (non-USAID), the most frequent roadblocks are Funder-Created Obstacles with 7 projects (44%).
 - Of the 10 projects originally funded by Institutional Foundations (non-living donor and/or top 50 largest organizations), the most frequent roadblocks are Funder-Created Obstacles with 6 projects (60%).
 - Of the 10 projects originally funded by Multilaterals, the most frequent roadblocks are Funder-Created Obstacles with 6 projects (60%).
 - Of the 15 projects originally funded by Multiple Donors, the most frequent roadblocks are Organization Misfortune with 9 projects (60%).
 - Of the 37 projects originally funded by Corporate Foundations and Government Donors including USAID, the most frequent roadblocks are Funder-Created Obstacles with 23 projects (62%).
 - Of the 8 projects originally funded by USAID, 63% experienced either Funder Policy Inflexibility (2 projects) or a Delay of Disbursement (3 projects).
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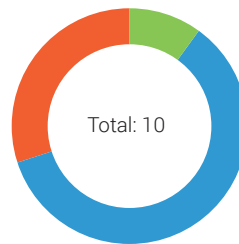
ORIGINAL FUNDER TYPE VS. ROADBLOCK⁶

Government Donor



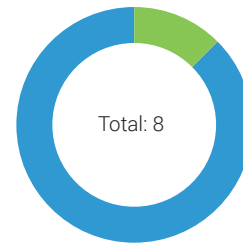
- Acts of God / Economics (5)
- Funder-Created Obstacles (7)
- Organization Misfortune (4)

Multilateral



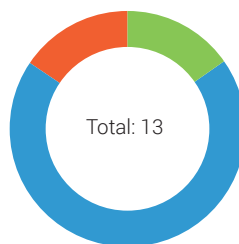
- Acts of God / Economics (3)
- Funder-Created Obstacles (6)
- Organization Misfortune (1)

USAID



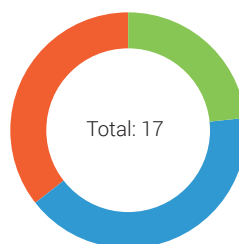
- Acts of God / Economics (-)
- Funder-Created Obstacles (7)
- Organization Misfortune (1)

Corporate Foundation



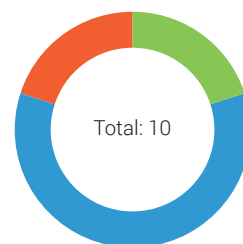
- Acts of God / Economics (2)
- Funder-Created Obstacles (9)
- Organization Misfortune (2)

Family Foundation



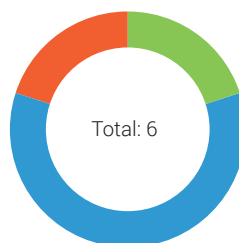
- Acts of God / Economics (7)
- Funder-Created Obstacles (6)
- Organization Misfortune (4)

Institutional Foundation



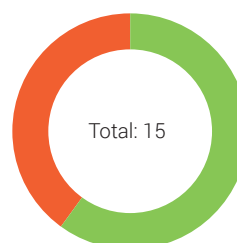
- Acts of God / Economics (2)
- Funder-Created Obstacles (6)
- Organization Misfortune (2)

Investor / Lender



- Acts of God / Economics (2)
- Funder-Created Obstacles (2)
- Organization Misfortune (2)

Multiple Donors



- Acts of God / Economics (6)
- Funder-Created Obstacles (-)
- Organization Misfortune (9)

⁶Original Funder categories with observations of 3 or less are not represented here.



DESCRIPTIVE ANALYSIS: By Legal Status

In terms of the legal status of the organizations funded through Open Road's roadblock portfolio, the largest category is Nonprofits (78 projects), followed by Social Enterprises (24 projects).

Legal Status	Observations (#)	Observations (%)
Social Enterprise	24	24%
NGO + Nonprofit	78	76%
Total	102	100%

The majority of Open Road's roadblock portfolio is composed of nonprofit organizations (76%) with 78 projects funded. For nonprofits, the most common roadblocks are Funder-Created Obstacles with 35 projects (47%). The biggest single roadblock for nonprofits is Change in Funder Strategy with 9 projects (9%).

Legal Status	Largest Roadblock
NGO & Nonprofit	Change in Funder Strategy (12%)
Social Enterprise	Delay of Disbursement (24%)

Social Enterprises make up 24% of Open Road's roadblock portfolio with 24 projects funded. The most common roadblock category for Social Enterprises is Funder-Created Obstacles with 13 projects (54%). The most common single roadblock is Delay of Disbursement with 6 projects (25%).

Delay of Disbursement represents only 12% of Open Road's roadblock portfolio, but 50% of these cases occur for Social Enterprises. Social Enterprises compose 24% of Open Road's roadblock portfolio; however, 60% of loans in our portfolio are to Social Enterprises:

- For Nonprofits, the most common roadblocks are Funder-Created Obstacles (45%).
- For Social Enterprises, the most common roadblocks are Funder-Created Obstacles (50%).

Legal Status	Acts of God / Market Economics	Funder-Created Obstacles	Organization Misfortune	Total
Social Enterprise	5	12	7	24
NGO & Nonprofit	23	35	20	78
Total	28	47	27	102



DESCRIPTIVE ANALYSIS:

By Organization Size

The majority of Open Road's roadblock portfolio is composed of organization sizes of \$1–5 million (42 projects) and less than \$1 million (33 projects) in terms of annual budget.

Organization Size	Total
\$1-5 Million	42
Less than \$1 Million	33
\$100 Million+	12
\$5-10 Million	8
\$10-50 Million	5
\$50-100 Million	2
Total	102

For organization sizes of \$1–5 million, the most common roadblock is Acts of God or Market Economics: Weather Event (14%). For organizations of less than \$1 million, the most common roadblock is Delay of Disbursement (18%).

Roadblock: Organization Size \$1-5 Million	Observations (#)
Acts of God / Economics: Weather Event	6
Funder-Created Obstacles: Delay of Disbursement	5
Acts of God / Economics: Government Intervention or Change	4
Acts of God / Economics: Violence / Conflict	4
Funder-Created Obstacles: Change in Funder Strategy	4
Organization Misfortune: Partner Problem	4
Funder-Created Obstacles: Funder Misfortune	2
Funder-Created Obstacles: Funder Policy Inflexibility	2
Organization Misfortune: Equipment Failure	2
Organization Misfortune: Property Damage	2
Acts of God / Economics: Public Health Crisis	1
Funder-Created Obstacles: Change in Funder Policy	1
Funder-Created Obstacles: Change in Grant Cycles	1
Funder-Created Obstacles: Change in Personnel	1
Organization Misfortune: Change in Price / Costs	1
Organization Misfortune: Fraud / Theft	1
Organization Misfortune: Personnel Issues (departure, change, etc.)	1
Total	42

For organization sizes of \$1–5 million, from the four top roadblocks, three roadblocks are Acts of God or Market Economics, representing 33% of all roadblocks for organizations of this size.

For organization sizes of less than \$1 million, Delay of Disbursement is the most common roadblock (18%). Funder-Created Obstacles are responsible for 55% of the roadblocks in this segment of organizations.

Additional Detail:

- For organization sizes of more than \$100 million, Funder-Created Obstacles are the most common roadblocks (50%).
- For organization sizes between \$1–5 million, Funder-Created Obstacles are the most common roadblocks (38%).
- For organization sizes between \$10–50 million, Funder-Created Obstacles (40%) and Acts of God or Market Economics (40%) are the most common roadblocks.
- For organization sizes between \$5–10 million, Funder-Created Obstacles (38%) and Organization Misfortune (38%) are the most common roadblocks.
- For organization sizes between \$50–100 million, Funder-Created Obstacles (100%) are the only roadblocks.
- Finally, for organization sizes of less than \$1 million, Funder-Created Obstacles are the most common roadblocks (55%).

Organization Size	Acts of God / Market Economics	Funder-Created Obstacles	Organization Misfortune	Total
\$10-50 Million	2	2	1	5
\$100 Million+	3	6	3	12
\$1-5 Million	15	16	11	42
\$5-10 Million	2	3	3	8
\$50-100 Million	-	2	-	2
Less than \$1 Million	6	18	9	33
Total	28	47	27	102



SECONDARY ROADBLOCKS

In some cases, an application presented to Open Road had multiple or overlapping roadblocks. For example, a nonprofit working to expand access to high-quality energy services in Haiti had its microgrid destroyed in Hurricane Matthew. Soon after, a key funder who promised to help rebuild the microgrid ran into internal procurement issues where the funds could not be released for more than a year.

In these cases, Open Road identifies primary and secondary roadblocks. A primary roadblock represents the most recent roadblock faced by the organization chronologically and/or the event that was unrecoverable. In layman's terms, the primary roadblock is the straw that broke the camel's back. Of this dataset, 26 projects experienced primary and secondary roadblocks. While secondary roadblocks are not included in the results of this report, to test the validity of the overall results, we ran a simple analysis including both primary and secondary roadblocks, thus increasing the dataset to 128 roadblocks. When secondary roadblocks are included, the main findings of this report are reinforced.

Roadblock	Observations (#)	Observations (%)
Funder-Created Obstacles	63	49%
Acts of God / Market Economics	32	25%
Organization Misfortune	33	26%
Total	128	100%

Based on the dataset of 128 roadblocks, 49% are due to Funder-Created Obstacles, 25% are due to Acts of God or Market Economics, and 26% are due to Organization Misfortune.

Roadblock Type	Primary Roadblocks (%)	Primary & Secondary Roadblocks (%)
Funder-Created Obstacles	46.1%	49%
Acts of God / Market Economics	27.4%	25%
Organization Misfortune	26.5%	26%
Total	100%	100%

Compared with the main dataset that only includes primary roadblocks, the primary results remain unchanged.

Roadblocks	Observations (#)	Observations (%)
Funder-Created Obstacles: Delay of Disbursement	16	13%
Funder-Created Obstacles: Change in Funder Strategy	15	12%
Funder-Created Obstacles: Funder Policy Inflexibility	15	12%
Acts of God / Economics: Government Intervention or Change	10	8%
Acts of God / Economics: Weather Event	9	7%
Organization Misfortune: Partner Problem	9	7%
Funder-Created Obstacles: Funder Misfortune	6	5%
Organization Misfortune: Personnel Issues	6	5%
Organization Misfortune: Fraud / Theft	5	4%
Acts of God / Economics: Market Change / Economic Crisis	4	3%
Acts of God / Economics: Violence / Conflict	4	3%
Funder-Created Obstacles: Change in Grant Amount / Insufficient Amount	4	3%
Organization Misfortune: Expert Error	4	3%
Acts of God / Economics: Currency FX	3	2%
Funder-Created Obstacles: Change in Funder Policy	3	2%
Funder-Created Obstacles: Change in Grant Cycles	3	2%
Organization Misfortune: Change in Price / Costs	3	2%
Organization Misfortune: Equipment Failure	3	2%
Acts of God / Economics: Public Health Crisis	2	2%
Organization Misfortune: Property Damage	2	2%
Organization Misfortune: Timeline Acceleration	1	1%
Funder-Created Obstacles: Change in Personnel	1	1%
Total	128	100%



STATISTICAL ANALYSIS

In order to go deeper in the data analysis, Open Road performed a statistical analysis using the software STATA. The main objective of this analysis was to predict the likelihood of a certain roadblock to fall into one of our three main categories of roadblocks: Funder-Created Obstacles, Acts of God or Market Economics, and Organization Misfortune.

The probit regression of determining Funder-Created Obstacles, Acts of God or Market Economics, and Organization Misfortune showed that the model predicted success perfectly. Therefore, it was not mathematically possible to determine the coefficient and standard error for such a covariate. STATA therefore removed the covariate (and all the perfectly predicted outcomes) from the model. Thus, Open Road decided to exclude the regression, as it did not contribute to any prediction of how often roadblocks would occur in the future. STATA results from the probit and other regressions are shown in the annex on pages 32 through 36.

Looking for a deeper understanding of the roadblock portfolio, Open Road next conducted a probit regression focused on the different sectors funded. According to the portfolio, Health, Education, Agriculture, Microfinance, Infrastructure, and Other sectors are more likely to face roadblocks. This is compared with the likelihood that Open Road would fund an opportunity in these sectors – not that a roadblock is more likely to occur in the world writ large. This evidence highlights the current limitations of the dataset – there is no “counterfactual” data to draw on.

Leadership Development, Human Rights, and WASH sectors were less likely to face roadblocks (again, compared with opportunities). Environmental projects presented collinearity; for that reason, they were taken out of the analysis. Employment/Workforce Development had three observations that predicted roadblocks perfectly; thus, it was taken out of the analysis. Lastly, ICT for Development had only two observations that predicted roadblocks perfectly, and it was also taken out of the analysis.

These results present multiple limitations, such as a lack of external validity (mainly because of the small sample size used), possible bias toward roadblocks over opportunities on Open Road’s part, and a bias related to the sample selection. Nevertheless, the statistical analysis provides a deeper and more rigorous analysis that could bring important insights as the size of the dataset grows. Additionally, the statistical analysis proves to be consistent with the descriptive analysis, highlighting the importance of the roadblock portfolio takeaways.

Probit regression

Number of obs = 122

LR chi2(9) = 12.49

Prob > chi2 = 0.1870

Pseudo R2 = 0.1032

Log likelihood = -54.245097

roadblock	Coef.	Std. Err.	z	P>|z|	[95% Conf. Interval]	
leadershipdevelopment	-1.094968	.7250672	-1.51	0.131	-2.516074	.3261373
health	.4675505	.5892729	0.79	0.428	-.6874033	1.622504
education	.0455253	.5792796	0.08	0.937	-1.089842	1.180892
agriculture	.7231052	.6639836	1.09	0.276	-.5782787	2.024489
humanrights	-.5055831	.5387801	-0.94	0.348	-1.561573	.5504066
microfinancesmes	.178455	.6182586	0.29	0.773	-1.03331	1.39022
infrastructure	.1258003	.7582543	0.17	0.868	-1.360351	1.611951
other	.3790191	.7141913	0.53	0.596	-1.02077	1.778808
wash	-.4108939	.6959067	-0.59	0.555	-1.774846	.9530581
environment	0	(omitted)				
employmentworkforcedevelopment	0	(omitted)				
ictfordevelopment	0	(omitted)				
_cons	.8416212	.4518154	1.86	0.062	-.0439207	1.727163

This model presents significant limitations as it would not be methodologically sound to construct a regression based just on sectors. However, it is an interesting approach to understanding the roadblock dataset. Additionally, it is consistent with the observational analysis. For example, when comparing the statistical analysis with the descriptive analysis, the descriptive data shows that in Open Road's total portfolio there are 21 observations related to Health projects: 19 roadblocks, and just 2 opportunities. Thus, opportunities represent only 10% of the total observations in Health projects and can be said to be less likely to occur in Open Road's health portfolio than a roadblock. In comparison, for Human Rights projects there are 19 observations: 12 facing roadblocks, and 7 opportunities. Thus, no conclusion can be drawn on the relative likelihood of an opportunity or a roadblock because opportunities represent 37% of the total observations in Human Rights projects.

Next, Open Road ran a probit regression on the different types of projects funded. According to the portfolio, Open Road is more likely to fund projects doing Operations/Capacity-Building, Direct Service/Delivery, and Research that are facing roadblocks than unexpected opportunities. Advocacy presented collinearity; for that reason, it was taken out of the analysis. The Other category had only one observation that predicted roadblocks perfectly (i.e., it was a roadblock); thus it was taken out of the analysis. The majority of Open Road's roadblock portfolio is composed of Direct Service/Delivery projects (60%) and Operations/Capacity-Building projects (26%).

note: other != 0 predicts success perfectly
other dropped and 1 obs not used

note: advocacy omitted because of collinearity

Iteration 0: log likelihood = **-61.351001**

Iteration 1: log likelihood = **-56.305142**

Iteration 2: log likelihood = **-56.274192**

Iteration 3: log likelihood = **-56.274186**

Iteration 4: log likelihood = **-56.274186**

Probit regression

Number of obs = **126**

LR chi2(3) = **10.15**

Prob > chi2 = **0.0173**

Pseudo R2 = **0.0828**

Log likelihood = **-56.274186**

roadblock	Coef.	Std. Err.	z	P>|z|	[95% Conf. Interval]	
operationscapacitybuilding	.5549229	.4925667	1.13	0.260	-.41049	1.520336
directservicedelivery	1.273337	.4882137	2.61	0.009	.3164554	2.230218
research	.9084579	.6247417	1.45	0.146	-.3160133	2.132929
advocacy	0	(omitted)				
other	0	(omitted)				
_cons	2.36e-15	.4431135	0.00	1.000	-.8684864	.8684864

Regarding the location of the projects funded by Open Road, according to the portfolio, projects located in Latin America and the Caribbean, Southeast Asia (including India), Global, and the United States and Canada sectors are less likely to face roadblocks than opportunities.

Sub-Saharan Africa presented collinearity; for that reason, it was taken out of the analysis. The Middle East and Asia had only three observations each, all of which were roadblocks. Northern Africa presented just two observations that predicted roadblocks perfectly and thus was taken out of the analysis.

Probit regression

Number of obs = 119

LR chi2(4) = 24.77

Prob > chi2 = 0.0001

Pseudo R2 = 0.2071

Log likelihood = -47.436995

roadblock	Coef.	Std. Err.	z	P>|z|	[95% Conf. Interval]	
global	-1.619856	.4335816	-3.74	0.000	-2.469661	-.770052
latinamericacaribbean	-.778235	.4603093	-1.69	0.091	-1.680425	.1239547
southeastasiainclindia	-1.703508	.4251819	-4.01	0.000	-2.536849	-.8701667
uscanada	-.6524347	.4465393	-1.46	0.144	-1.527636	.2227663
middleeast	0	(omitted)				
subsaharanafrica	0	(omitted)				
asia	0	(omitted)				
northernafrica	0	(omitted)				
_cons	1.619856	.2753057	5.88	0.000	1.080267	2.159446

STATA analysis regarding project location is consistent with the descriptive analysis.

Project Location	Roadblocks and Opportunities (%)	Roadblocks (%)	Difference
Sub-Saharan Africa	52.0%	45.0%	7.0%
Asia	3.0%	2.0%	1.0%
Middle East	3.0%	2.0%	1.0%
United States & Canada	14.0%	14.0%	0.0%
Northern Africa	2.0%	2.0%	0.0%
Caribbean & Latin America	12.0%	12.0%	0.0%
Global	7.0%	11.0%	-4.0%
Southeast Asia (including India)	7.0%	12.0%	-5.0%
Total	100%	100%	-



CONCLUSIONS & IMPLICATIONS FOR PRACTICE

The implications of this analysis are sobering because this data suggests that the biggest barrier to effective impact and the greatest pain point for nonprofits and social enterprises are their own funders. We have become our own enemy in the pursuit of impact and ROI. The philanthropic sector as a whole has spent the better part of the past decade seeking to increase effectiveness through increased accountability, measuring impact, and heightened due diligence. However, this research suggests that efforts to professionalize our own work through increased policy and procedure and efforts to ensure fiscal accountability through restricted grants have failed to account for the unintended, harmful consequences that we are now seeing.

The good news is that the philanthropic community can directly affect the main threat to impact. Viewed through a different lens, these findings are highly encouraging because they point to challenges that are entirely within our control to change and even prevent.

In some cases, particularly related to projects funded by government entities, the opportunity for change is less likely. Budget appropriations, changes in government leadership, and internal red tape at governmental levels may be impossible to change or avoid, certainly in the short term. Yet, for private funders who operate largely independently from other forces, solutions are possible.

Based on this data, along with additional research⁷ conducted by Open Road, this study suggests two ways forward that promise to offer the greatest reduction in roadblocks faced by mid-implementation projects.

Communication and Expectation-Setting

The issues of Change in Funder Strategy and Delay in Disbursement become major roadblocks when clarity and accuracy of funder-grantee communications is compromised. While increasing direct communication with grantees can be helpful, the main difficulties arise primarily from what is communicated, rather than how often. Funders should use these findings to recognize that what they say matters. Whether or not they intend it, their comments – no matter how unofficial or informal – often translate into real-life budget and cash flow projections in the plans and timelines of their funding partners. When promises are unfulfilled, decisions reversed, or delivery of funds delayed, grantees or investees often do not have the ability to absorb costs or pivot to alternate sources of funding within short time frames.

When asked why they built an unconfirmed grant or donation into their budget, one applicant responded with this analogy: “Imagine you work at a coffee shop and someone comes up and orders ten lattes. As soon as they do that, you are going to start making the lattes. You have to, in order to maintain efficiency and complete the

⁷ 2015 Survey Analysis; Risk Toolkit (2017); Foundation Review (2017).

work in a timely fashion. Then, at some point before paying, they decide they don't want any lattes and walk out. You've already made three or four – you've incurred those costs, which now you have to absorb yourself." So it is with a funder who says, "I can't promise anything, but your chances are really good for a renewal" or "We're revisiting our strategy but it shouldn't affect your program" or "You should have the check by March 30th." We have to act on those conversations; we have to plan for something. Ideally, we'd only budget with what we have in the bank, but if we did that we could never plan more than one or two months ahead.

This data is also a cautionary tale for nonprofits and social enterprises. While organizations must build financial projections based on the information available, they should also expect a bit more uncertainty in their funder relationships and, where at all possible, adjust budget projections accordingly. Moreover, this study offers a valuable window into internal funder constraints, which is an area that is often invisible to grantees. At larger institutions, for example, program officers themselves may be misinformed about the availability of funds or the direction that a new organizational strategy is headed. In five years of working with foundations large and small, Open Road has never met a funder who intentionally misled its grantee. The dataset also includes stories where grantees themselves failed to communicate their cash flow needs because they didn't want to seem "pushy" or "over-ask."

Transparency, candor, and a grain of salt from both funders and implementers will help reduce roadblocks due to Change in Strategy and Delay in Disbursement.

Organizational Flexibility

Looking at the third most common roadblock, Funder Policy Inflexibility, the correctional course of action is suggested in the roadblock itself: flexibility. Too often, funders treat their current grantmaking procedures as inviolable law. Many of the applicants in this dataset were initially referred to Open Road by other funders who say they want to help their grantees but can't because "it's against policy" or "we don't have a procedure for that" or "we don't have the money," which typically just means they didn't budget for it. While bureaucratic procedures are created for good reasons – they set expectations, create consistency, streamline internal functions, and maintain standards – many procedures may also carry unintended and harmful consequences for grantees. Changing or adjusting established procedures is difficult. This is true for even the most flexible organizations and often much harder for larger, older, or more institutionalized groups. However, this study suggests that changing funder policies to increase flexibility can directly avoid a significant number of impact-threatening roadblocks downstream. Three specific ideas of more flexible policies include:

- Adjusting grant cycles to meet grantee cash flow needs (rather than funder convenience).
- Including contingency funds in annual grantmaking budgets with the expectation that some grantee, somewhere, will need additional funding between grant cycles.
- Reducing limitations on what grant money can be spent on and when it can be spent.



APPENDIX A: Taxonomy of Roadblocks

The below taxonomy was developed by Open Road's research team through a systematic review of 102 applications. Each application was coded with one of 22 specific roadblocks, listed below. Definitions provided are intended to be descriptive if not comprehensive. Real-life case examples are also provided to help illustrate definition and meaning. Open Road acknowledges that there is a level of subjectivity to these definitions and classifications. However, all endeavors have been made to ensure consistent judgment and classification.

Acts of God/Market Economics

- **Public Health Crisis:** An outbreak or complex health challenge that affects people in one or more geographic areas.
Case Example: An organization dedicated to relieving population-wide psychological trauma and stress faced a suicide epidemic in one of the communities it was working with, creating an urgent need to scale operations.
- **Weather Event:** An emergency situation caused by an unpredictable weather event such as a hurricane, drought, flood, thunderstorm, etc.
Case Example: An organization constructing a road in rural Bolivia experienced a severe flood during the dry season that washed out a section of the partially completed road and damaged some of its heavy equipment.
- **Market Change/Economic Crisis:** A change in wider market conditions or a downturn in the economy that leads to a financial crisis.
Case Example: An organization installing safe drinking water filters was partly financed by an innovative cost recovery mechanism, which accredits the dispensers to earn carbon credits. An unexpected change in carbon credit regulations and credit calculation methodology suddenly lowered the value of these credits, creating a budget shortfall.
- **Currency Fluctuation:** An unexpected, significant, and quick change in the currency foreign exchange rates.
Case Example: An organization that treats and prevents gender-based violence faced a rapid decline in the value of its local currency, jeopardizing its ability to continue operations based on its original budget.
- **Violence/Conflict:** Outbreaks of violence – in an otherwise relatively peaceful area – that threaten the safety of people working on a given project in a country or region.
Case Example: An organization running a three-year diploma program for women was forced to close its campus in Burundi when violent attacks and protests made it impossible to continue operations.
- **Government Intervention or Change:** An unexpected change in laws, regulations, or policy that has a significant impact on an organization's operations.
Case Example: An e-recycling social enterprise faced an erroneous change in its state business classification from "stores-wholesale" to "junk dealers." This increased insurance costs by 1,000% overnight, creating an urgent need for cash while the misclassification was resolved.

Organization Misfortune

- **Change in Price/Costs:** An unexpected change in the cost of an asset or security from one period to another.
Case Example: An organization budgeted to purchase new vehicles based on prices and market values at that time. Due to an unexpected increase in economic activity in its region, vehicle prices significantly increased between the time the budget was prepared and the moment of purchase.
- **Property Damage:** Injury to real or personal property through a third party's negligence, willful destruction, or an act of nature.
Case Example: A museum exhibit designed to teach children how to harness the power of water and air to create energy had a pipe break, causing the exhibit to flood and necessitating the museum to temporarily close. (Ironically, the burst pipe was unrelated to the water exhibit itself).
- **Fraud/Theft:** A criminal action intended to result in financial or personal gain.
Case Example: A national bank where a social enterprise kept its accounts was embroiled in a widespread fraud and embezzlement scheme. The country's central bank froze the accounts of all depositors and the social enterprise was unable to access its cash, which was earmarked for constructing a new building.
- **Equipment Failure:** Equipment stops functioning unexpectedly, despite proper maintenance, jeopardizing the organization's normal operations.
Case Example: An organization working on Lake Tanganyika in the Democratic Republic of the Congo had a boat donated to help them gather data from water-based communities. Despite paperwork to the contrary, the boat, upon deeper inspection, had severe structural damage and was unfit for use.

- **Personnel Issues:** Sudden and unexpected changes in an organization's personnel such as family problems, life-changing situations, illness, or other issues that can negatively impact a key person's ability to perform his/her duties.
Case Example: The CEO of a social enterprise contracted dengue fever for the second time and could no longer live in the country where the business operates. A COO had to be hired immediately to ensure ongoing operations.
- **Partner Problems:** A third-party partner pulls out of a relationship unexpectedly, has insufficient capacity, underdelivers based on past performance, etc.
Case Example: An e-book and reading program was threatened when a third-party technology platform hosting the project declared bankruptcy.
- **Expert Error:** Serious errors by recognized experts about scientific, engineering, economics, etc., where there was good cause to rely on the expert's information.
Case Example: A health NGO contracted a top-tier university to design a randomized control trial (RCT). The initial calculations, which required only 5,800 participants, were discovered to be incorrect and the RCT needed to suddenly expand to include more than 26,000 participants.
- **Timeline Acceleration:** When a project's milestones occur significantly earlier than expected due to growth, partnerships, etc.
Case Example: An organization providing training and work to low-income youth decided to expand its operation center in phases. However, it contracted new client business much more quickly than anticipated and needed to expand its office immediately to achieve sufficient capacity to meet the demand.

Funder-Created Obstacles

- **Change in Grant Cycles:** An unanticipated modification in the grant cycle timing.
Case Example: A nonprofit organization equipping rural villages to maintain and repair its water points had a significant cash crunch when its primary funder unexpectedly moved its funding cycle from June to November.
- **Change in Grant Amount/Insufficient Amount:** A modification in the quantity of funds provided to an organization.
Case Example: A nonprofit was granted an award of \$1 million from a government funder to implement a project in Kenya. With a signed agreement in hand, the nonprofit began implementation. However, when the check arrived, the overall award was reduced by \$100,000 due to internal budget changes at the government entity.
- **Change in Funder Personnel:** A change in the key point of contact for a funder due to staff turnover, reorganization, etc.
Case Example: An organization had been working with a foundation over multiple grant cycles. When the program officer and main point of contact left the foundation, no other employee was transferred to the relationship for several months. Due to the delay, the organization missed the window to submit its renewal request, causing it to miss funding from this previously consistent funder for the year.
- **Change in Funder Policy:** A rule change in how a funder runs its day-to-day operations.
Case Example: A funder changed its grant disbursement policy mid-grant so that a grantee now had to incur expenses first and request itemized reimbursements, instead of receiving the funding upfront.
- **Change in Funder Strategy:** A change in the funder's theory of change, asset allocation, strategic new direction, etc., that impacts an existing funding partner.
Case Example: The main funder of a savings project in India did a strategy refresh and decided to no longer target projects in India, cutting off funding despite a multiyear commitment.
- **Delay of Disbursement:** Approved funds for an originally agreed-upon timeline are late or postponed.
Case Example: In order to continue scaling its business and impact, a social enterprise in Haiti received approval for the funding of new equipment to increase the production of green charcoal. Unfortunately, due to extended back-office issues of the government funder, the funds were delayed six months.
- **Funder Misfortune:** One or more funders face an unfortunate condition or event impacting their ability to run business as usual.
Case Example: A drop in oil prices devastated a foundation's endowment, making it impossible for the foundation to meet existing funding commitments.
- **Funder Policy Inflexibility:** A funder's inability to adapt to/make exceptions for situations outside of the funding recipient's control.
Case Example: A project that was fully funded by one foundation had an unexpected four-month funding gap. The foundation's grant cycle did not restart until January, although the funds ran out in August. The foundation was unable to make a policy exception to accelerate committed funds to support the project in need.




APPENDIX B: STATA Regressions

variable name	storage type	display format	value label	variable label
roadblock	byte	%8.0g		
ngomisfortune	byte	%8.0g		
funderbadbehav	byte	%8.0g		
actsofgodecons	byte	%8.0g		

Variable	Obs	Mean	Std. Dev.	Min	Max
roadblock	127	.8110236	.3930403	0	1
ngomisfortune	127	.1968504	.399193	0	1
funderbadbehav	127	.3779528	.486796	0	1
actsofgodecons	127	.2362205	.4264414	0	1

	roadblock	ngomisfortune	funderbadbehav	actsofgodecons
1.	0	0	0	0
2.	0	0	0	0
3.	0	0	0	0
4.	0	0	0	0
5.	1	1	0	0
6.	1	0	1	0
7.	1	0	1	0
8.	0	0	0	0
9.	1	1	0	0
10.	0	0	0	0



```
. tabulate $ylist
```

roadblock	Freq.	Percent	Cum.
0	24	18.90	18.90
1	103	81.10	100.00
Total	127	100.00	

Probit

```
. probit $ylist $xlist
```

```
note: ngomisfortune != 0 predicts success perfectly  
ngomisfortune dropped and 25 obs not used
```

```
note: funderbadbehavior != 0 predicts success perfectly  
funderbadbehavior dropped and 48 obs not used
```

```
actsofgodeconomics > 0 predicts data perfectly
```

It has been determined that Organization Misfortune, Funder-Created Obstacles, and Acts of God cannot be used in the model because it predicts success perfectly. It is not mathematically possible to determine the coefficient and standard error for such a covariate, so STATA removed the covariate (and all the perfectly predicted outcomes) from the model.

Linear Regression

Source	SS	df	MS	Number of obs =	127
Model	19.4645669	3	6.48818898	F(3, 123) =	.
Residual	0	123	0	Prob > F =	.
				R-squared =	1.0000
				Adj R-squared =	1.0000
Total	19.4645669	126	.15448069	Root MSE =	0

roadblock	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]
ngomisfortune	1	.	.	.	.
funderbadbehavior	1	.	.	.	.
actsofgodeconomics	1	.	.	.	.
_cons	-2.33e-15	.	.	.	.

Logit

note: ngomisfortune != 0 predicts success perfectly
ngomisfortune dropped and 25 obs not used

note: funderbadbehavior != 0 predicts success perfectly
funderbadbehavior dropped and 48 obs not used

actsofgodeconomics > 0 predicts data perfectly

Exact Logistic Regression

Exact logistic regression				Number of obs =	127
				Model score =	126
				Pr >= score =	0.0000

roadblock	Odds Ratio	Suff.	2*Pr(Suff.)	[95% Conf. Interval]	
ngomisfortune	723.6691*	25	0.0000	75.08201	+Inf
funderbadbehavior	1*	48	0.0000	0	+Inf
actsofgodeconomics	869.4176*	30	0.0000	90.69425	+Inf

Linear Regression with Sectors

note: ictfordevelopment omitted because of collinearity

Source	SS	df	MS	Number of obs =	127
Model	19.4645669	14	1.39032621	F(14, 112) =	.
Residual	0	112	0	Prob > F =	.
				R-squared =	1.0000
				Adj R-squared =	1.0000
Total	19.4645669	126	.15448069	Root MSE =	0

roadblock	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
ngomisfortune	1	.	.	.	.	.
funderbadbehavior	1	.	.	.	.	.
actsofgodeconomics	1	.	.	.	.	.
leadershipdevelopment	-4.86e-15	.	.	.	.	.
health	-6.71e-15	.	.	.	.	.
education	-6.18e-15	.	.	.	.	.
agriculture	-6.41e-15	.	.	.	.	.
humanrights	-6.40e-15	.	.	.	.	.
microfinancesmes	-6.76e-15	.	.	.	.	.
infrastructure	-5.93e-15	.	.	.	.	.
other	-6.78e-15	.	.	.	.	.
wash	-5.17e-15	.	.	.	.	.
environment	-6.57e-15	.	.	.	.	.
employmentworkforcedevelopment	-8.93e-15	.	.	.	.	.
ictfordevelopment	0 (omitted)					

Probit Project Sector

Probit regression

Number of obs = 122

LR chi2(9) = 12.49

Prob > chi2 = 0.1870

Log likelihood = -54.245097

Pseudo R2 = 0.1032

roadblock	Coef.	Std. Err.	z	P>|z|	[95% Conf. Interval]	
leadershipdevelopment	-1.094968	.7250672	-1.51	0.131	-2.516074	.3261373
health	.4675505	.5892729	0.79	0.428	-.6874033	1.622504
education	.0455253	.5792796	0.08	0.937	-1.089842	1.180892
agriculture	.7231052	.6639836	1.09	0.276	-.5782787	2.024489
humanrights	-.5055831	.5387801	-0.94	0.348	-1.561573	.5504066
microfinancesmes	.178455	.6182586	0.29	0.773	-1.03331	1.39022
infrastructure	.1258003	.7582543	0.17	0.868	-1.360351	1.611951
other	.3790191	.7141913	0.53	0.596	-1.02077	1.778808
wash	-.4108939	.6959067	-0.59	0.555	-1.774846	.9530581
environment	0 (omitted)					
employmentworkforcedevelopment	0 (omitted)					
ictfordevelopment	0 (omitted)					
_cons	.8416212	.4518154	1.86	0.062	-.0439207	1.727163

note: other != 0 predicts success perfectly
other dropped and 1 obs not used

note: advocacy omitted because of collinearity

Iteration 0: log likelihood = **-61.351001**
Iteration 1: log likelihood = **-56.305142**
Iteration 2: log likelihood = **-56.274192**
Iteration 3: log likelihood = **-56.274186**
Iteration 4: log likelihood = **-56.274186**

Probit regression

Number of obs = **126**
LR chi2(3) = **10.15**
Prob > chi2 = **0.0173**
Pseudo R2 = **0.0828**

Log likelihood = **-56.274186**

roadblock	Coef.	Std. Err.	z	P>|z|	[95% Conf. Interval]	
operationscapacitybuilding	.5549229	.4925667	1.13	0.260	-.41049	1.520336
directservicedelivery	1.273337	.4882137	2.61	0.009	.3164554	2.230218
research	.9084579	.6247417	1.45	0.146	-.3160133	2.132929
advocacy	0	(omitted)				
other	0	(omitted)				
_cons	2.36e-15	.4431135	0.00	1.000	-.8684864	.8684864

Location

Probit regression

Number of obs = **119**
LR chi2(4) = **24.77**
Prob > chi2 = **0.0001**
Pseudo R2 = **0.2071**

Log likelihood = **-47.436995**

roadblock	Coef.	Std. Err.	z	P>|z|	[95% Conf. Interval]	
global	-1.619856	.4335816	-3.74	0.000	-2.469661	-.770052
latinamericacaribbean	-.778235	.4603093	-1.69	0.091	-1.680425	.1239547
southeastasiainclindia	-1.703508	.4251819	-4.01	0.000	-2.536849	-.8701667
uscanada	-.6524347	.4465393	-1.46	0.144	-1.527636	.2227663
middleeast	0	(omitted)				
subsaharanafrica	0	(omitted)				
asia	0	(omitted)				
northernafrika	0	(omitted)				
_cons	1.619856	.2753057	5.88	0.000	1.080267	2.159446



Established in 2012, Open Road Alliance is a philanthropic initiative that serves the social sector by *Keeping Impact on Track* in an unpredictable world. Open Road provides short-term solutions by disbursing fast grants and loans to nonprofits and social enterprises facing discrete, unexpected roadblocks during project implementation. It also conducts research and advocates for the adoption of long-term, system-wide risk management practices across the social sector. To learn more, please visit www.openroadalliance.org.



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