

Small Grants Learning Meeting

Evaluating and Valuing Small Grants

Draft Meeting Notes

June 26-27, 2006
Amsterdam, the Netherlands

*"Small grants are an important lifeline for communities."
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Meeting Overview

In late June a Small Grants Learning Meeting was convened in Amsterdam by Both ENDS and Global Greengrants Fund. 40 representatives from 29 small grantmaking organizations working on sustainable livelihood issues (including development, human rights and the environment) from the global South, Europe, and North America attended. The meeting was held to enable organizations to share experiences, have peer review, and gain new insights on understanding small grants. The meeting particularly focused on the exchange of experiences and techniques regarding Monitoring and Evaluation (M&E). Participants decided to create a listserver for sharing resources among small grantmakers, write a shared statement on the value of small grants, and to write a statement on the justifications for costs associated with making small grants. Furthermore the participants expressed the need to analyze trends in grantmaking to be able to be more effective in increasing the support for small grants. For a full list of meeting participants please see the annex.

Prior to the meeting participants commented on what they hoped to achieve from the meeting, and proposed specific sessions around topics of interest. The meeting agenda directly reflected their ideas and needs. Participants also shared the following organizational information: fund overview and focus, grant materials, policies, lessons learned, grantee report formats, evaluation tools, and case studies. A full document with this background information is available. These resources helped to facilitate deeper discussions during the meeting, and can be used by participants in the future if they would like to compare their work with other groups.

Key points that came out of the meeting

General

- Only through small grants the real grassroots organization can be reached. Most grassroots groups don't have the capacity to manage larger grants;
- Small grants fill a gap of risks that large donors can't or do not want to take and they can support urgent actions;
- Participating small grants share similar vision and try to encourage social change through small grants;
- Small grants are one of the ways to provide financial support to civil society organizations and groups. The whole range of grants (small, medium, large) is necessary to be effective;
- There is a need to understand our collective identity as small grantmakers: who are we, what is our niche and what are our strengths and limitations;
- Unrestricted funds make it possible to be more effective and use less overhead costs;
- Most participants engage in capacity building alongside with grantmaking, which raises the overhead costs per grant but is nevertheless considered essential for reaching impact;
- Small grant makers are in a unique position of being grant seeker and grant giver. They understand about donor requirements and how to deal with grant receivers;

- There is strength and value in working together to explain the importance of small grants;
- A good communication strategy and cooperation among small grants is essential to gain strength and be more effective;
- There is a strong need to lobby for the increase and survival of small grants; as there is a tendency to concentrate the large funds even more than before.

Monitoring and evaluation

- 70% of the participating organizations have already established an evaluation system, some are very well developed, while some in an earlier stage of development;
- Most participants collect existing sources of information to understand the impact of their work, rather than relying on a sophisticated evaluation tool to look at results;
- Organizations undertake evaluation to have a better understanding of the impact of their work and to feed this information into future planning and visioning;
- Most participants undertake evaluation for internal and self reflection and on their own initiative rather than to meet donor demands in order to justify ourselves;
- Small grants should have more open discussions with their donors and grantees on M&E requirements and usefulness to prevent them to be developed top-down.

Meeting Objectives

In mid-2005, Global Greengrants Fund (USA), Both ENDS, IUCN-NL (the Netherlands) and Siemenpuu (Finland) initiated a discussion among small grant makers about the need to collectively evaluate and articulate the importance of small grants. Based on input from small grantmakers, Both ENDS and Greengrants proposed this sharing and learning meeting.

The meeting focused on small grants because many 'conventional' donors still see small grants as ad hoc, trivial and too expensive to be worthwhile. In contrast, small grantmakers understand how small grants have the flexibility to strengthen grassroots movements and processes in an appropriate, strategic and timely manner. While the number of small grants makers working towards sustainable livelihoods has increased, they feel a strong need to learn from collective experience and to understand how to effectively evaluate and communicate about the value of small grants. Participants examined if it is possible to demonstrate how and why small grants are an effective tool for supporting communities and grassroots organizations.

The main objectives of the meeting were as follows:

- To develop a list of arguments (body of evidence) that indicate the specific role and value of small grants;
- To have a clear idea of the main challenges that small grantmakers and recipients of small grants face and what are the structures and actions that contribute to overcome these challenges;
- To share (innovative) monitoring and evaluation methods used by grantmaker participants;
- To understand how to integrate evaluation results and recommendations into the next steps of the grantmakers;
- To discuss how we identify and communicate success to a wide audience;
- To discuss expansion and long term sustainability.

Introductory Plenary Session

The initial session focused on reviewing the goals and objectives of the meeting, and learning more about the participants. Some of the most interesting aspects of the conversation and session are as follows:

- Most of the participant's organizations have an annual budget of over € 500,000 (US\$ 640,000) per year. Grants range between € 10,000 and 85,000;
- A few organizations have an overhead less than 10%;
- Only 8 men were present, together with 32 women (2 of the 8 men came from resource organizations);
- Only one organization takes money from private sources, and the same organization is also the only one taking money from endowments;
- All organizations focus their grantmaking in the global South;
- All organizations focus on environment and/or social justice;
- Most organizations have a yearly cycle of programmes/projects;
- Very few organizations have defined clear criteria for success;
- A few organizations have a communication strategy.

The group and facilitator also identified the collective expectations of participants as follows:

- Discuss monitoring and evaluation system;
- Understand what is the best way to partner with grantees;
- Share best practices and lessons learned;
- Increase collaboration (among us);
- Increase collaboration (with others);
- Persuade donors on the importance of small grants;
- Understand the climate for small grants;
- Effectively communicate the impact of small grants;
- Learn about new innovations related to small grants;
- Discuss costs and overhead;
- Have a good interaction.

Working groups: Challenges faced by small grantmakers

The first working group session was a discussion regarding the challenges faced by small grantmakers. Participants were divided up into three working groups based on the size of grants they give. Participants addressed the following questions in their working groups:

- What are the three biggest challenges you face as small grant makers (grant making and seeking)?
- How do you address them?
- Why do these challenges persist?

The findings below summarize the discussions. For a complete list of all of the challenges identified during this session please see the annex.

Working Group A: 5 Challenges Faced by Small Grantmakers

This group of small grantmakers identified a range of challenges that are highlighted below:

1. Understanding Grantee Needs and Capacities

- NGO Registration challenges (in some places groups can only fund groups that are registered and this limits their capacity to fund CSOs and informal groups);
- How to know that organizations is genuine and authentic;
- Grantee Accountability (how to know that they are doing what they said they would do);

- How to nurture initiatives that are positive and growing well;
 - How to balance sustainability with increasing quantity of groups receiving funding?;
 - Easier at times to work with big groups – cuts out smaller NGOs.
2. Internal and External Communications (internal and external)
 - Very large geographical areas covered;
 - Communities do not always have access to telephones, fax, email, etc.;
 - Expensive to reach communities and have direct communication.
 3. Monitoring and Evaluation
 - Putting a monitoring and accountability system in place;
 - Systematizing informal information into impact language;
 - Gathering the right type of information quickly;
 - Challenging yourself to illustrate the brilliance of groups in a way that will be understood by a wider audience;
 - Describing the impact of a group's work after a short amount of time when the impacts may be more obvious in the long-term.
 4. Costs and Keeping Overheads Low
 - Must work with minimal staff;
 - Expensive to monitor groups;
 - Must rely on email;
 - No regular interface with grantees;
 - Establish on-going relationships;
 - How to explain that cost to make grant is more than grant itself;
 - How to fulfill mission when budget does allow that;
 - Ability to support small grants without a huge infrastructure.
 5. Donors and General Financing
 - At times there is a difference between donor and community needs. It can be challenging to link these interests;
 - Donors want to fund small grants but not the infrastructure necessary to support small grants;
 - Donors should have more knowledge of challenges faced by small grantmakers;
 - Shift of money to governments and ministries, compromising ability to reach funds;
 - Competition for funds with larger NGOs;
 - How to sustain money for long-term projects (results are not always evident when funds need to report to donors).

Working Group B: 4 Main challenges faced by small grant makers

This group of medium sized grantmakers identified the following 4 challenges:

1. Relationships with donors:
 - Donor restrictions and prescriptions;
 - Communication;
 - Making the case/rationale.
2. Internal issues
 - Overheads and administration expenses;
 - Time management.
3. Relationships with partners:
 - Understanding control and power issues;
 - Building trust;
 - Avoiding being a gatekeeper;
 - Sharing space in a balance way;
 - Maintaining relations with large number of grantees.

4. Relationship with bigger picture, context:

- Linking small grant to social movements;
- Staying flexible in changing environments (including politics, etc).

This working group concluded that finding the right language to describe what we do and improving our capacity to 'make the case' can improve donor's understanding of the importance of small grants. Some of the key ways that participants suggested that issues could be explained included:

- Arguing that small can be beautiful;
- Giving small is the only way to reach grassroots;
- Making connections between many different parties, how a lot of small grants add up to a whole;
- Explaining that at times groups only have the capacity to accept a small grant and anything larger could overwhelm or flood the group's work.

Working Group C: 4 main challenges faced by small grantmakers:

1. Relating to grantees: making small grants while taking the time to relate to grantees.
2. Communicating with donors: justifying costs and competition with larger NGOs and government actors.
 - Challenging to maintain a relationship when there is constant turnover or heavy use of consultants (eg: the Dutch government and DFID rely heavily on consultants to select grantees).
3. Conducting Impact assessment: how to effectively understand the impact of small grants?
4. Setting the agenda: who has power and control?

Participants from group C identified the following ideas to help address the above challenges:

1. Relating to Grantees
 - Relying on references from network, activists, partner organizations;
 - Making strategic visits to grantees;
 - Bringing grantees and advisors together;
 - Having an open reporting system;
 - Decentralizing the operation (use board member offices etc);
 - Minimizing paperwork;
 - Focusing on the activities and work of the grantees to help accountability of grantmakers (instead of very diverse activities);
 - Providing seed money that will facilitate the activities to achieve bigger results, catalyst, take risks be innovative, focus but keep the use of the budget flexible (Both ENDS).
2. Communicating with Donors
 - Have long term relations with certain donors;
 - Finding new sources of funding (schools, religion, corporations) at the same time;
 - Creating strategic visibility tools (publications and field stories that highlight work);
 - Strengthening North-South and South-South partnerships.
3. Conducting Impact Assessment
 - Communicating with donors to agree on the fact that some indicators are measurable and some are not;
 - Providing space for anecdotal evidence and information based on intuition;
 - Determining what small grantmakers can and can not take credit for;
 - Knowing what strategy and approach to use with different donors;
 - Working with proposal format that includes the evaluation indicators and criteria;

4. Setting the Agenda

- Being aware of who sets the agenda: northern donors need to focus and request focus on area or subject which makes it sometimes difficult for small grants to be flexible;
- Trying to avoid having northern donors develop top-down indicators that are imposed on groups;
- Seeking to also promote changes in their Northern countries and involve civil society (Finland);
- Being aware of cultural differences in reporting, some will be very positive other more negative even though the results might be the same.

Plenary Session: Monitoring and Evaluation Methods

The facilitator, Theo van Koolwijk, provided a brief overview on Monitoring and Evaluation (M&E). He suggested that monitoring and evaluation provides a time to look at the relevance and performance of work. He suggested two ways to think about evaluation:

- Plan – do – check – act - plan
- Participatory – do – reflect – act – participatory

Monitoring is a continual process of learning. It is a time to reflect on: what the relevance is of your work and what added value your small grants provide. Theo suggested that evaluation is an activity based on a set of indicators with a specific target that you perform once/twice a year to really reflect on your performing.

Theo encouraged the group to think about why, what and how they evaluate. He suggested that groups undertake evaluation and monitoring to learn from experiences and to be able to make better, more informed choices. Groups also may evaluate because they want to be more accountable, to be better able to position their group, and to build organizational capacity.

There are a range of inputs, indicators and qualitative information that groups can evaluate. In relation to inputs, groups may look at the way their input is organized and what types of groups they are funding.

Groups may evaluate the following:

- 1) Process
 - Relationship with grantee
 - Management process
 - Participatory process
- 2) Products
 - Meetings
 - Documents
- 3) Outcome
 - How do beneficiaries use the evaluation materials?
 - What do they do with it (impact)
 - What does it mean for sustainable/societal change?

With regard to how one would evaluate, Theo suggested that groups could look at the following:

- Quality of your work
- Organization/cooperation
- Money
- Time
- Information/Knowledge
- Facilities

Plenary Session: Participants Share Experiences with Monitoring and Evaluation

Evaluating effectiveness of small grants funds and their grantees – by Mona Khan (Fund for Global Human Rights)

The background information prepared for this meeting was very valuable. From Samdhana we learn about the importance of story telling. From other participants we understand the importance of risk taking, and supporting unproven and unknown groups. In general, people and groups collect too much information that is not useful. We should only track what is most important. And it is vital to ask grantees for input. We should learn from failed strategies and develop new ones. Several organizations are assessing their own effectiveness, and this is an important process. It is also important that when you assess your group that you need to be transparent and clear on your procedures with your grantees and donors. The Fund for Global Human Rights gives 85-86% of money directly to grantees.

The process of evaluation is as important as the final information it yields. Important issues to think about in relation to evaluation include:

- Undertaking an in-depth analysis of human rights conditions (or other conditions) and the movement as a whole;
- Evaluating key mechanisms for change;
- Analyzing results of grants;
- Adapting methods on feedback, confidentiality and anonymity;
- Recognizing the limitations of M&E;
- Tracking changes over time;
- Supporting groups over the long term;
- Supporting groups to raise money;
- After the grant finishes, keep supporting the organization (eg: help provide other resources, fundraising support, networking);
- Providing unrestricted funding.

Understanding the outcome of grant-making activities – by Andi Achdian (TIFA Foundation)

At the TIFA Foundation monitoring and evaluation work is a part of the knowledge department. Since 2004—with the formation of Knowledge Management department—Tifa has placed the importance of monitoring and evaluation as an integral part of its grantmaking activities. Tifa has developed a system, tools for monitoring and evaluation of its programs, as well as the introduction of management information system that enabled Tifa to record lesson learned to develop effective and efficient strategy for future program. The system is as follows:

Activity	Objective	Implementing Agency	Outputs
Internal Monitoring and Evaluation			
Regular internal meeting & discussions	To monitor the progress of program activities	Grantees	Regular report, memos, doc's related to problem solving during the implementation phase
Collaborative rapid assessment: Tifa and its grantees	To monitor the relevance of programs and develop better strategy in the course of program implementation	Tifa and grantees	Reports, problem solving, and recommendation for future progress

Management & Financial supervision and assistance	To ensure grantee's financial accountability as well as improvement of financial management system of grantees	Tifa and 3rd parties (consultant)	Improved financial management and reporting system
External Study			
Case studies	To file lessons learned and best practice of grantees program activities	Grantees, Tifa staffs and hired consultant	Best practice documentation
External Assessment	To provide independent view of grantees program implementation and performance	Grantees stakeholders, (journalist and academics)	Independent reports, memos or coverage about the implementation of grantees programs
External Evaluation			
Annual Evaluation	To evaluate progress & achievement of programs at the end of program year	Grantees internal evaluation & Tifa evaluation (by using hired consultant for independent view of the result)	Annual evaluation report
Impact Study	To understand the long term outcome and impact of grantees programs	Tifa (with hired consultant)	Impact study report
Annual Audit	To evaluate financial accountability of grantees program implementation	Tifa and independent auditor	Audit report

The result of monitoring and evaluation activities in 2005 - by studying 60 grantee's program on 2004 - has shown the significance of Tifa's monitoring and evaluation system. Tifa learned that supporting locally based NGOs, with their direct relationship with stakeholders and beneficiaries, produced more effective and efficient result than supporting national organization that carried nation-wide program agenda.

Yet, the running of this system is costly, but did not exceed 5% of overall Tifa's grants. Tifa has also encouraged its grantees (with grants exceeding more than US \$ 30,000) to install their own self-monitoring and evaluation activities, and provided additional 10% of funds beyond the amount of grantee's requested budget

Project Results System: Understanding the Results of Small Grants - by Heather Plumridge (Global Greengrants Fund)

Global Greengrants Fund makes small grants (averaging \$3,500) to grassroots groups working on socio- environmental issues. Grant recommendations come directly from 100 volunteer, activist advisors around the world. Advisors serve on regional, national or thematic board, which are facilitated by locally based Coordinators.

Greengrants looks at results to understand if and how small grants have supported initiatives, groups, and communities to: Defend the Right to a Healthy Environment; Protect and Improve Environmentally Sustainable Livelihoods; and Increase Public Voice in Decisions on Environmental and Social Issues.

Through analysis of results Greengrants further hopes to: understand what have grantees achieved with a small grant; have information to inform future grantmaking and planning; and to share information with donors and public about effective strategies for change from the grassroots

The main challenges associated with looking at results include: When we make 500+ grants annually: how do we interpret trends and analyze work at a broad scale?; many results are qualitative; and is it better to generalize, or use representative specific examples?

Greengrants utilizes a collection of information to understand and interpret the impact of our work. Collectively we refer to this information as the Project Results System. The sources of information include:

Grantee Project Reports: describe how the funds were used and detail progress or outcomes.

Advisory Board Discussions at Annual Meetings: analyze past and future grants, discuss board strategy, and explore broader contextual changes.

In-depth Studies: analyze and understand more deeply the overall outcome of funding environmental initiatives.

Results Tool Sheet: identify strategies grantee use to promote change, articulate broad trends across grantmaking, understand what results or outcomes are evident from each grant.

Using the 4 sources of Project Results information, local Coordinators and staff create regional and thematic grantmaking analysis documents. These analyses provide context for work, history of challenges, review of strategies utilized by grantees to encourage change, and an overview of results and trends. These analyses provide the basis for future discussions on strategy and approach. They also allow our Development team to have access to the latest information available on our results.

The main challenges associated with this system include: it remains difficult to explain qualitative changes (eg: movement or initiative strengthened by a small grant) and our strongest source of information comes from in-depth studies, but these are too costly to do on a regular basis.

The main benefits of this system are as follows: More specific information for each grant, greater capacity to look at trends across advisory boards, and existence of a feed-back mechanism to ensure that lessons learned are analyzed and have an impact of future grantmaking.

Participants questioned if there is an inherent risk in funding too broadly, and not focusing more in-depth. Heather responded that Greengrants finds high value in taking risks, and funding groups that do not have a proven track record and do not have access to other sources of funds. Greengrants relies on local advisors to assess the benefits and costs of making grant recommendations to groups that they know very well. There is a danger associated with this, in that some grants may fail, but the benefits of taking a risk with a small grant far outweigh the risks. Another participant observed that the willingness for grantmakers to take risks is critical to encouraging global change.

Another participant questioned if you seed fund new groups with the idea that they can get other sources of funding doesn't that mean that there is a need for more money in the end? Amalia Souza with CASA (part of the Greengrants Alliance of Funds) responded that this is not a challenge because groups are not going to the same place for funding. This system enables groups to access previously untapped money from the government, individuals and foundations. Another participant observed: should we not invest in existing contacts instead of supporting new groups?

Two important remarks that were made during these presentations were:

- Small grants still fill a gap of risks that large donors do not want to take, and are therefore valuable; and
- Not all grantees should be institutionalized, and be able to work with complex M&E systems, because that might take away the grantees specific character and additional values/expertise.

Working Groups: Monitoring and Evaluation

Overview

Six working groups were held to take a closer look at the monitoring and evaluation opportunities and challenges faced by participants. These groups provided space for participants to acknowledge that they all face similar problems related to understanding the results of their work. Many participants were reassured to learn that many of their peer organizations were evaluating their work in a similar manner. For example, the majority of participant groups did not rely on a sophisticated monitoring tool to look at results. Most participants rely on a collection of informal and formal tools and resources to understand the impact of their small grantmaking. It was also interesting to note that most of the participants explained that they undertake evaluation to have a better understanding of the impact of their work and to feed this information into future planning and visioning. This is in stark contrast to the common notion that groups evaluate only to meet donor demands. The working groups also opened many doors for groups to think about future peer learning exchanges as a means to share resources and enhance their capacity to think about results.

What, Why and How We Evaluate

To ground their conversations about monitoring and evaluation, participants shared why, what and how they evaluate. While there were some differences in participants thoughts, many of the participants indicated the following:

Why do we want to evaluate?:

- Understand where movement is headed;
- Generate new ideas and insights;
- Empower: encourage peer learning, increase confidence, not create dependency;
- Have basis to communicate and engage with donors;
- Publicize and promote work of our grantees;
- Promote dialogue: challenge cultural norms, sharing expertise;
- Inform planning;
- To see if we are effective;
- To know if there is an impact from small grants.

What do we want to evaluate?:

- Change processes (understand what happened that wouldn't have happened without funding);
- Shifts in community empowerment (higher or lower);
- Increases in participation/networking, dialogue;
- Changes in levels of resources available;
- Shifts in capacity to manage and use resource;
- Changes in policy or implementation.

How do we evaluate?:

- There is a range of learning methodologies including: stories, interviews, visit, collective analyses, etc.;

- Evaluation can work well with a combination of formal, set questions and a space for grantees to 'tell their own story';
- Less bureaucracy, more towards participatory;
- Important to provide space for dialogue among grantees (eg: self-evaluation, sharing experiences);
- More empowerment of grantees and grantmaker: reward success, create less donor dependency, and encourage more problem solving;
- Collective discussion (language) and dialogue vs monitoring, forming vision, creative peer discussion;
- Strategies of shared responsibility, encouraging grantees to tell their own stories;
- Evaluation works best when it is self-driven;
- Right consultant support is essential;
- Evaluation outputs come in many forms.

Monitoring and Evaluation: Key Lessons Learned

- One size does not fit all;
- Build evaluation mechanisms into the work of your organization (do not create something new or separate that will add to your workload);
- Must work with grantees in defining outcomes to best serve their needs and priorities;
- Use multiple sources of information in evaluating your work and work of grantees (report, story-telling, etc.);
- Important to look at the whole organization's work, not just a discrete project;
- Be clear about why you are tracking, and why you are tracking results;
- It is important to engage multiple members of an organization;
- Useful to have external evaluations every 'x' years;
- Important to educate and engage our donors on how to approach evaluation
- Do not collect information you will not need;
- Recognize that at times M&E is top down, and there is a need of donors to accept systems already in place within organizations;
- Accept evaluation on grantees terms;
- Relate evaluation to bigger picture/ other social movements;
- Be transparent and open with grantees;
- Vital to apply information learned from results across organization (although it is very difficult);
- Recognize the limitations of having multiple audiences;
- Assess your own organization: advisors, grantees, and donors;
- Agree on indicators/ outcomes up front;
- Need to be able to take risks;
- Recognize that there are different levels of grantmaking;
- Follow-up with post-grant visits to grantees;
- Peer monitoring can be a good model if properly conducted and in certain contexts;
- Establish expectations and processes from the outset;
- Take the time needed to properly evaluate;
- Evaluation is not just a burden but a tool for empowerment;
- We evaluate more than we realize and should find ways to use it, or do not collect the information.

What does not work

- Limited timeframe to understand results;
- Strange power dynamics when ask grantees to evaluate your funding;
- Donor-driven evaluation can distort;
- Evaluating with poor data tools;
- Bureaucratic, donor-imposed forms. Overly quantitative;
- Imbalance towards needs of donor.

Working Groups: Communicating the Impact and Value of Small Grants

Group A: Overcoming public communication challenges led by Bernard Mercer (New Philanthropy Capital)

Bernard Mercer explained that communications is a key component of successful NGO activity, yet is often given a low priority. He encouraged participants to create a very basic one-page statement with three basic bullet points about the work of their organization. The statement should describe the vision and goals of your NGO (depending on the organization, this could be longer, could be expressed across a range of media -- website, email, brochure, etc). Focus this overview more on goals and aspirations, and less on the process associated with making grants. He explained that frequently reports use a lot of jargon that donors don't understand. Complicated terminology and acronyms may be a normal part of your work, but external audiences may not understand these ideas or terms. Instead, it is better for grantmakers to break down their work into a simple overview of work. As a part of this, it is key to create a concise definition of the issue(s) that your grantmaking addresses (eg: human rights: how define human rights for new groups, issue may appear controversial, but a lot of times they don't understand the issue).

Some Key Messages about Small Grants that can be helpful when communicating to donors

- Emphasize the value of small grants (Cinderella of Development). Give them track record, credibility and history;
- Highlight the importance of collaboration between larger donors and smaller donors on supporting or making small grants. Important way for them to bring about sustainable change;
- Stress reaching the grassroots with small amounts of funding;
- Tell that we (small granters) have an extensive network with strong diversity, shared tools and expanding collaboration;
- Explain how small grants can plug gaps, meet urgent needs, and provide community support;
- Emphasize the collective wisdom of small grantmakers (eg: participants represent a considerable amount of experience in giving out small grants. It is evident that you need to know more than just how to wire the money.);
- Highlight added value of empowerment in giving small grants;
- Important to indicate to donors small grants are in the whole spectrum of giving grants;
- Illustrate value of grants – we are not going to veer from it;
- Small grants are an important lifeline for communities;
- Nothing can replace what a small grant does;
- When talking to the public, try to take the point of view from the people of the South;
- Small grants are cross-sectoral – this should interest donors.

Working Group B: Explaining the costs of small grants - including costs, overhead and other financial issues by John Harvey (Grantmakers without Borders)

John Harvey began the conversation by stating that, "we all agree that we would like to have 100% of each dollar going to the field as actual grants, however this is unrealistic". Therefore it is necessary to look at percentages of that 1 dollar that do not go to the grantee, and how those costs break down.

The group discussed several models of unpacking costs. Participants explained the way that their organization's divide costs. Through this exercise participants realized that there are many models that can be used and many arguments to justify those models. For example, the AIDS Foundation South Africa is very aware of the importance of the language one uses to help frame costs. They do not use the word "administration" in their cost justification. Instead, they use common costs / core costs / indirect costs, depending on the donor. They prefer to refer to their fundraisers as 'technical staff'. The part of costs that do not fall under common or core costs they split up in the following sections: program costs (including the actual grant); monitoring and site visits; capacity building; technical staff (including fundraising). Depending on the donor they break down the budget as necessary, but they do not work with fixed percentages. Every separate program contributes to the common or core costs, the percentage depend on which donor they report to. They use separate bank accounts for each donor. Some donors have their own program officer that they finance, while others get invoices of a part of the salary of a program officer. They attach the salary slips to the invoices to avoid over-charging the donor.

There was a debate on how you relate language, percentages and type of donor. Some try to have few donors, for the sophisticated and complex system of the AIDS Foundation it is impossible to have many donors. There is also a difference between those organizations that do fundraising, and those that do not. For example, the New Field Foundation breaks up their 1 dollar as follows: actual grants 60% going up to 75%; grants administration, program, administration (finance and board) make up the remaining 30-25%. They separate the actual grants from the program costs.

The African Women's Development Fund includes the actual grants in what they call program costs (70%), they have a separate cost for fundraising (10%), and the two other sections are core costs (10%) and grants management (10%). With an unrestricted grant they would ideally take 80% to the field, but this depends on the situation the organization is in at that moment and whether all overhead costs are covered. Maria from Wetlands International agreed that unrestricted funds make it possible to be more effective and use less overhead costs.

All participants agreed that it is extremely important to clearly communicate the rationale behind your choice on how to break down the costs to your donor clearly. For example, the part of costs that does not go to the field will rise if the organization makes grants and provides capacity building. Your costs are also likely to be higher if you work in a conflict area, or in areas that are hard to reach. Costs also vary if you are a new organization or a well-established fund. A new fund will usually have much higher start-up costs, which should level off.

ICCO, in their role as a funder of smaller grantmakers, does not ask a fixed overhead percentage of their re-grantees. What they do find important is that the grantee can explain to them what the purpose is of their grantmaking, what strategy they chose and why, and that they discuss both the donor and grantee expectations. The final percentage of overhead costs that the re-grantee charges, does depend on the answers to the previous three questions. However, if a re-grantee comes up with more than 30% overhead costs, it will be difficult to convince ICCO of the need for so much overhead costs. Still ICCO thinks that the first discussion with your donor should not be on the percentage, but on the purpose of your grantmaking.

The AIDS Foundation does not call itself a re-granter, but a development organization, as this different name changes the expectations of their donors. If the donor does not accept a certain overhead percentage that is needed, they do not take the money.

However, EEJP does not feel it is in the position to refuse taking money, since they are a newly established fund and not (yet) in the position to refuse. The group agreed that it would be very useful to produce a document with the participants of this meeting, with the various models used by both newly formed and well-established organizations. This statement could be used as a communication tool for donors.

How to keep overhead costs low?

- Give fewer grants or larger amounts per grant;
- Concentrate in specific geographic area and issue area;
- Ask staff to multi-task, so you do not have to outsource work;
- Share costs with other organizations (eg: communication costs, rent, etc.);
- Utilize local resources and institutions to help gather grantee information, conduct site visits, support monitoring, etc.;
- Use technology such as Skype (free calling through internet see www.skype.com);
- Work with voluntary advisory boards;
- Use grants to build alliances;
- Encourage decentralization: regional advisors could use the office resources of their own organization, this does not cost anything for the small grants fund.

As a follow up of this working group, the group would like to continue to:

- Document cost saving tools;
- Document models of costing out expenses (to learn among ourselves as well as to use as communication tool towards donors);
- Write a justification statement on non-grant costs (to use as communication tool towards donors).

John Harvey will facilitate the follow-up processes. Bernard Mercer indicated he has two publications that may be useful to support this process. Both ENDS would like to see reference in the justification statement to the donor institutes such as the World Bank that use more than 50% overhead themselves. Also, there was a question in the plenary as to how unrestricted funding can be defined.

This group also met during the sustainability session in the afternoon to discuss next steps. They started with the premise that all groups would like to keep costs down. Within the context of work, however, costs are necessary. Small grants are not bargain basement philosophy- they are not a low cost philanthropic opportunity. Small grantmakers make these grants because they are effective. John encouraged participants to think about what the various costs are associated with small grantmaking including: selection process, inquiries coming in increased with internet, added expertise and knowledge, etc. He proposed that the group could create a 'menu' of real costs to dramatize the realities of costs. Next steps for this group include:

- Articulate information discussed at the meeting
- Share through the listserver
- Create talking points on costs
- Possibly write case studies on costs

Working Group C: Coalition Ideas for Future Collaboration, by Liz Hosken (the GAIA Foundation)

This group focused on harnessing the energy and capacity of the participant group into a coalition for future advocacy related to small grants. Group participants hoped to open a space to support small grants and diverse activities, and to shed some light on the fact that total money going to support small grants is too little. The group worked from the common view that making small grants is about funding diversity, building social movements, and that small grantmaking fulfills a unique niche in international grantmaking. The group identified the following as challenges that they would like to address together:

- 1) Post 9/11: Strictness of Bush administration, and increasingly EU
 - Want pre-approved list grantees;
 - Limit which countries and groups can fund.
- 2) Shift in Institutional and Bi-lateral Donor giving patterns
 - Decrease in money flow in and out of the US;
 - Corporate companies give conditions to international NGOs and therefore influence their programs and strategies;
 - Harmonization of development aid programs (World Bank, DFID, etc.).
- 3) Large Uncertainties Regarding Major Changes in Context for International Giving
 - Need to understand: what are the trends, who's driving it?
 - Understand how the corporate sector is changing, and trying to drive the agenda of NGOs;
 - Fundraising to influence policy;
 - Need to map emerging issues (trade, mega-funding, etc.).

In response, it was suggested that the group should collectively:

- 1) Develop a critique of problem(s) that are limiting small grantmakers, and international, progressive grantmaking in general;
- 2) Articulate common positions and concern;
- 3) Create an advocacy strategy, and develop communication tools to meet this strategy.

After discussing each participant's needs and ideas for the future the group decided to have an informal group to help with the following:

- 1) Networking
 - Sharing knowledge with peers;
 - Serving as a watch dog on emerging issues;
 - Identifying strategic interventions.
- 2) Serving as a Platform for Advocacy
 - Understanding and monitoring trends;
 - Developing clear rationale for small grants;
 - Articulating a clearly identified common agenda.
- 3) Understanding our Collective Identity
 - Identifying: who we are, our niche and our limitation;
 - Understanding our shared philosophy;
 - Cooperating collectively, while recognizing our diversity and areas of divergence.

This group continued this conversation in the afternoon during the sustainability working group. During this session the group brainstormed about the main value of small grants.

This rough list can serve as the initial basis for the proposed coherent document on the importance of small grants.

Small grants are vital because they:

- Allow us to address critical opportunities and strategic moments quickly where if no action is taken immediately, it will weaken the larger process;
- Are a part of longer term strategy that contributes to systemic changes;
- Meets communities where they are;
- Does not create superfluous structures that larger grants do;
- Allow communities to own the process and the grant allows them to move ahead in line with their strategic direction;
- Can support a larger movement without overwhelming it;
- Large grants can take over the process;
- In small grants money is a tool that facilitates the process, rather than a driver;
- Allow donors to support a diverse set of CSOs using a diverse set of small grant mechanisms;
- Provide a convenient through which once can support diversity and diversity of need;
- Mean lower risk;
- Often lead to high accountability (because of the small amounts involved). It is not a large, faceless grant;
- Have goals that are small and accomplishable;
- Built on the basis of a relationship and build that relationship;
- Help groups to develop a track record and make them more 'investment ready.'

Overall, the group decided to work together on a few small initiatives. Depending on how these collaborations proceed, participants would consider taking on a larger role together in the future. The next steps for this group include:

❖ **Statement on the Value of Small Grants**

Gather information on the value of small grants. Possibly collect this information into a publication that includes stories on the value of small grants, while also providing the large donor perspective. The stories could demonstrate how complementary our funding is, while also showing that small grants are an important part of supporting broader processes and movements. (Facilitator: Scott DuPree).

❖ **Share Resources and Communicate**

Participants can share information and ask questions via a listserver, and eventually through an intranet forum. (Facilitators: Tamara Mohr and Heather Plumridge).

❖ **Promote this work at Public Forums**

The World Social Forum (Nairobi, February 2007) and the food sovereignty meeting (Mali, March 2007) will provide opportunities for participants to share collective work on these issues with donors, other small grantmakers and the general public. (Facilitators: Liz Hosken and Anzette Were).

Depending on the outcome of the above initiatives, the group may consider undertaking a study to outline the key challenges facing progressive groups, what the context is for small grantmaking, and to have a better understanding of how to respond to these changes and challenges. Some also suggested that this group focus on convincing the unconvinced about the importance of truly small grants (eg: Promoters of G8 Harmonization, World Bank, EU, etc.). Others suggested that we effectively utilize and collect resources that groups already have produced (IUCN has such materials).

Plenary: What innovations can make small grants more effective or enhance their impact?

Decentralizing funds - by Nonette Royo (Samdhana Institute) and Maria Amalia Souza (CASA)

Representatives from the Samdhana Institute and CASA, both part of the Greengrants Alliance of Funds, spoke about the importance of decentralizing funds to the local level. Nonette Royo explained that Samdhana is based in Southeast Asia, and focuses on economic opportunities for managing natural resources, empowerment of communities, advocacy for tenure rights, supporting conflict resolution (eg: legal defense, mediation, etc.), and supporting institutions and individuals through capacity building. She emphasized that Samdhana has decentralized in a way that utilizes strong support systems and networks.

To illustrate the wide reach of these support systems networks, Nonette cited as example the experience of a villager, Mr. AM, who like many in the area, was involved in illegal logging operations. He was part of a project to organize a cooperative for sustainably harvested teak (that received an ecolabel certificate), and Samdhana (a Samdhana fellow helped facilitate this project) provided grant for the cooperative to convert into a local timber industry. He and many in his village stopped illegal cutting. Samdhana network now facilitates a local trust (that is able to mobilize resources at community and provincial level and manage it more sustainably). This trust will take over direct facilitation and support of Mr. AM's cooperative, while Samdhana ensures continuing support in the form of mentoring, capacity building, access to other resources and networks. This way, advisors and fellows remain linked with grantees continually, similar to the way a program officer would be (although, one could argue that this connection is much stronger than a typical program officer connection).

Amalia Souza, presented on the approach and processes behind CASA, a Brazil based grantmaking, support and networking group. She explained how small groups (invisible to funders and the government) began to organically create coalitions and networks to strengthen their work and positions. In Brazil there are now networks functioning on every major socio-environmental issues at the state, regional, and ecosystem levels (Bahia, desertification, forestry, Rios Vivos, etc.). The groups that form these networks work together, but also work separately as well. Some members are work in various networks. These networks have clear agendas and know how and what they would like to target, but frequently lacked access to funds.

A study that looked at how many environmental organizations exist in Brazil (not including informal, non-registered groups) determined that there are 1600 environmental orgs. Only 300 of the identified groups have funding, with the remaining 1300 working voluntarily. While things can be achieved without funding, this voluntary approach does not always work. CASA targets groups that already have strategies and approaches, and that require funds to implement their work. Many times, CASA will fund multiple groups working towards the same network goals from different angles. CASA provides financial support without having an agenda, but rather follows the agenda and needs identified by networks and groups. Through this support, CASA has helped to strengthen a broad sector and a range of different groups. The organization has also helped to strengthen the capacity of civil society groups to advocate for change. CASA is now finding that many of these networks are addressing issues from a trans-boundary perspective. In response, CASA is open to fund throughout South America across borders.

Rapid Response Grantmaking - by Vicky Karimi (Urgent Action Fund Africa) and Ariella Futral (Urgent Action Fund for Women's Human Rights)

Representatives from Urgent Action Fund Africa (UAF-A) and Urgent Action Fund (UAF) for Women's Human Rights detailed how rapid response grantmaking enables their funds to respond quickly to immediate needs.

Vicky Karimi explained how most governments and funders are not funding urgent needs. Instead, many have set funding time periods each year that they will not change. In contrast to strict funding rounds, there are frequently immediate needs for funding related to women's human rights. In response, UAF and UAF-A were formed to respond quickly to urgent issues. In 2001, the African sister branch of UAF was created. Both funds respond to request within a week of receiving them, and refer to this as rapid response grantmaking.

Ariella Futral provided an example from Colombia to demonstrate the potential impact of rapid response grantmaking. She explained that four Colombian groups were working to legalize abortion by lobbying the government to include abortion in state laws. The Catholic Church paid for strong anti-abortion advertisements to garner public and government support for their stance. UAF was able to fund one of the pro-abortion groups to pay for counter advertisements in the same newspaper. Within 3-4 weeks, the groups lobbying and media attention paid off, as the government decided to liberalize abortion.

Ariella and Vicky then highlighted the main lessons learned from rapid response grantmaking. Even when working quickly, it is important to complete due diligence. For example, a request requires two 'endorsers' to be approved (women activists serve as endorsers). This endorsement process happens within 3 days. It is necessary and important to take risks when dealing with human rights issues. Progressive philanthropy is at risk from government regulations and restrictions around international funding. This risk is particularly strong in the US, and is just beginning to be felt in Europe. When running a feminist fund, a group needs to be very flexible. However, funding must also be for a women's led issue, and has to fit within categories.

Participants asked the presenters to explain how many grants were rejected, why the sister group is based in Africa, and how they can make grant decisions so quickly with endorsers. The presenters explained that out of 300 grant applications they received in 2005, only 74 were approved. In regards to having the African grant decisions coming from a group in Africa, Vicky explained that by being based in the region it is easier for them to connect with endorsers and to keep a pulse on the latest context for work. It has not been too difficult for either group to make decisions quickly because they usually work with an endorsing organization, rather than one individual. UAF's international board of director can also help with decision-making. If an activist's life is threatened then the program officer and Executive Director can make the decision overnight to approve a grant.

How to improve the impact of separate small grants: Synergy, Field activities and Policy links - by Rietje Grit (IUCN NL) and Tommy Garnett (Environmental Foundation for Africa)

Rietje Grit explained that IUCN-NL has an annual budget of 4 million Euros, and makes grants that average about 40,000 Euros (they fund from 5-100,000 Euros for small grants). They are beginning to develop focal regions to encourage synergy in grantmaking in Indonesia and West Africa. They would also like to focus their grantmaking on the Mekong and Pantanal regions in the future. Rietje explained that

they also favor grants with international policy linkages (eg: globalized trade issues). IUCN-NL is also trying to invest in knowledge networking and learning. Currently, their project selection all occurs in the Netherlands, and they do not work with local advisors. Rietje detailed that they do provide capacity building for partner organizations, and encourage grantees to build on their experiences, and encourage them to show linkages between their work and broader issues.

Tommy Garnett represented the Environmental Foundation for Africa in Sierra Leone at the meeting. He explained that he views Africa as the 'wealthiest region' in terms of resources, and does not agree with how Africa gets framed as a poor continent. He believes that poverty, ignorance and greed are the root causes of the 'problem' in Africa. His foundation works to rehabilitate degraded environment, and to facilitate the establishment of community-led programs. They encourage community training, and regional networking as a way to achieve a collective voice on national issues. Tommy's organization is part of a consortium of environmental organizations called the National Forum for Environmental Action. The consortium has created such a strong collective position on issues that IFIs now have to consult the forum, and the group has become a clearinghouse for information.

Working Groups: Can funds for Small Grants in support of Social and Environmental movements and action be sustained and grown in the long term?

Group A: Beyond grantmaking – facilitated by Debbie Mathew (AIDS Foundation of South Africa)

This group discussed how small grantmakers could think about their relationship with grantees beyond a financial relationship. The main lessons they learned centered on the concept that organizations cannot simply give money to groups, but rather should mentor and build the capacity of groups. It was also suggested that funders should further help organizations to implement their programs, and to support organizational development. Mentoring and capacity building reduces the risk that a group will collapse at the end of a grant period. The local context is very important to keep in mind – fund also non-registered if that is the reality, let groups come with their own specific solutions or approaches etc.

Lessons learned related to grantee relationship include

- Inform grantees of grant lifespan (start and end date). This will help them to plan for funding after the grant ends;
- Set benchmarks jointly with grantees to measure organizational development and the determine when the grantee is 'mature' enough to withdraw funding;
- Encourage grantees to limit any large infrastructure costs;
- Encourage mainstreaming – look at funding multipurpose development organizations that are not single purpose and can share a lot of the overhead costs;
- Match funding/co-funding curves to gradually phase out your funding. Remember that even once you have "exited" your relationship does not end. Look for funding other resource opportunities such as by products that can be sold;
- Initial seed funds – by supporting emerging organizations support the creation of track records that enable approach to other donors.

This group also discussed the following other ideas for grantees to be encouraged to do:

- Support income generation through activities;
- Encourage food security for livelihoods;
- Set up an endowment fund;

- Encourage up scaling initiatives;
- Encourage cooperation between similar organizations;
- Create self-help groups;
- Engage larger donors and development partners in the processes early so they might take over funding.

These are all ideas to help grantees become more sustainable, also after the grant period.

Group B: Principles of Accountability for International Philanthropy – facilitated by the Sarah Hobson (New Field Foundation)

This working group focused on a draft set of Principles for Accountability for International Philanthropy. A Joint Working Group of the Council on Foundations and European Foundation Centre created the Principles in May 2006. They were created to address the question: how can foundations ensure that their international philanthropy is carried out in an accountable and responsible manner? This group discussed the seven main principles, which include:

- Integrity
- Understanding
- Respect
- Responsiveness
- Fairness
- Cooperation and collaboration
- Effectiveness

Evaluation and Feedback Plenary

This was intentionally structured as a peer learning meaning, and in the closing participants were requested to think about: what did they learn?; how will they include learning from this meeting into their program?; and what are the next steps? The summary of participant feedback is bulleted below.

What did they learn?

- There is currently a period of change in regards to how things are funded;
- Instead of setting up small grants facilities we should encourage big donors to give funding to the existing small grant organizations;
- It is important to invest in local network and advisors;
- There is a need to recognize small grants as a value in themselves;
- It is interesting to note that many small grant funders share a similar vision, and try to encourage social change through small grants;
- There is a real value in the diversity of issues and funds in order to prepare a counter culture in the funding world, which is getting more and more narrow, standard and more inter-linked;
- It is helpful to gain a better understanding of how peers are working (focus area, grantmaking process, overhead calculations, evaluations, etc.), and how donors think we are networking together;
- It is interesting to meet a range of organizations and hear about their experiences and problems, coalition building is important;
- The value of small grants is that they can spur a change or a movement;
- It is encouraging to meet people thinking in similar ways, and makes grantmakers and activists feel less isolated;
- Small grants facilitate rather than drive the process (as opposed to large grants that lead the process);
- It is important also to fund non-NGOs and non-registered;

Small Grants Learning Meeting

- Jargon and language: we need to use language that will be appropriate for beneficiaries and grantees.

How will they include learning from this meeting into their program?

- We must lose pride regarding organizational achievements, and we should replace it with more modesty and a willingness to learn;
- It is useful to network with organizations, and there are plans to do this in the future to strengthen future work;
- There are some good criteria and arguments for explaining the importance of small grants, and some participants mention that they plan to use these criteria to help them explain small grants to donors;
- Resources and conversations from the meeting helped to set the ground for donor education;
- They have a greater sense on how to do impact assessment;
- It is important to take the time to stop and reflect on work and progress. It is very easy to get engrossed in the work that we do without looking back. M&E is important tool that is all about making your work more relevant;
- It could be important to have grantees do an assessment of grantmakers;
- Understanding and sharing resources related to monitoring and evaluation will help us redesign our own systems.

Also, people could sum up key messages that they would like to convey from this meeting to policy makers and large donors:

- Emphasize the value of small grants;
- The importance of collaboration between larger donors and small grants organizations;
- Balance between large grants with less administration costs and the local level you can reach with smaller grants;
- Rapid response, urgent action is very well addressed with small grants;
- Add up all our funds and you get an impressive amount;
- If you want a real impact from your grant you need extra costs;
- Reality = synergy, we all fund things in the overall development field;
- Importance of bringing together and hearing the grantees;
- Constantly be in touch with communities on the ground as grantmakers;
- Small grants facilitate rather than drive.

What are the next steps?

Several ideas were discussed about the next steps for the participants of this small grants learning meeting. Some showed interest in meeting again next year to share ideas. Some participants were interested in uniting in a formal coalition of grantmakers, while others were keen to start sharing resources informally and possibly evolve into a coalition. The next steps that participants have committed to do in the near future include:

❖ **Statement on Costs**

Gather more information on best practices related to keeping costs down. Write an overview highlighting the various models of costing out grants (eg: how we count overhead). (Facilitator: John Harvey).

❖ **Statement on the Value of Small Grants**

Gather information on the value of small grants. Possibly collect this information into a publication that includes stories on the value of small grants, while also providing the large donor perspective. The stories could demonstrate how complementary our funding is, while also showing that small grants are an

important part of supporting broader processes and movements. (Facilitator: Scott DuPree).

❖ **Share Resources and Communicate**

Participants can share information and ask questions via a listserver, and eventually through an intranet forum. (Facilitators: Tamara Mohr and Heather Plumridge).

❖ **Promote this work at Public Forums**

The World Social Forum (Nairobi, February 2007) and the food sovereignty meeting (Mali, March 2007) will provide opportunities for participants to share collective work on these issues with donors, other small grantmakers and the general public. (Facilitators: Liz Hosken and Anzette Were).

❖ **Research** into trends in the funding world and what is driving these trends (Liz Hosken is already working on such a study focusing on Africa).

In the future this work could be more formalized through the following steps:

❖ **Book on Small Grants**

Compilation of resources, stories and justifications for small grants.

❖ **Formal Coalition**

The group could formalize into a small grantmakers coalition that could undertake advocacy, have official positions on issues, and undertake relevant research.

❖ **Meeting**

Participants could meet again in the future to share resources and continue to conversations started in Amsterdam in 2006.