

Grant Making and Grant Management

An Overview for CMAZ

by Pact Zambia

Introduction

According to the Cooperative Agreement between CMAZ and Pact (based in turn on a Cooperative Agreement between Pact and USAID Zambia), CMAZ will, in due course, after being approved as a grant manager by USAID, manage for USAID a series of sub-grants to NGOs in the field of Primary Health Care in under-served areas of Zambia.

In the project descriptions, it is clearly said that USAID hopes that CMAZ will, in due course, move on from this to manage a variety of sub-grants to NGOs based upon USAID Zambia's funding to the health sector. It is also hoped that in the future CMAZ will be seen as a sensible conduit for their funding to NGOs by other donors who wish to invest in the Health field.

One way of looking at the process that is thus envisioned is that CMAZ, in the medium term, will be managing money on behalf of USAID according to criteria laid down by USAID, and in accordance with regulations set by USAID; in the long term it may be doing the same for other external donors. Pact is committed to making sure that CMAZ has the required knowledge and practice to be able to do this - at least in respect of USAID.

Another way of looking at the process is to picture CMAZ moving from being primarily a grant receiving organisation to developing a part of the organisation to become a grant making organisation (through one part of the organisation - the Grant Management Unit), and thus needing to learn more about the processes of grant making, together with the philosophy and practice of making grants as a means of effecting good development. CMAZ is interested in being more than just a channel for other peoples' funds - it feels that it has some value added from its own large experience and set of skills.

There are very few examples of indigenous Zambian grant making organisations - and thus there is very little local expertise to tap into. This Overview is intended to give CMAZ an idea of the different concepts that need to be understood if an organisation is going to be a grant maker, and the different ways in which the grant making process needs to be managed.

Many NGOs in Zambia, including CMAZ, have been on the receiving end of grants and have had their own problems with the ways in which these grants have been managed. There is now an opportunity for CMAZ to see things from the other side of the glass and suggest better ways of grant management.

Pact is providing two services to CMAZ in respect of grant management: firstly to build understanding and knowledge of grant making and grant management in general; and secondly to train CMAZ specifically how to manage USAID sub-grants. The first is dealt with in this Overview. The second will be dealt with in a specific course of technical assistance.

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1. Definitions

Let us start with definitions: it is possible for people and organisations who are not experienced in the ways that development funding is organised to consider funds received from a grant making organisation as a gift. Even if a person or organisation realizes the funds are not a gift, the funds may still carry some of the connotations of a gift.

A "gift" in Zambian culture requires thanks, but does not impose any responsibility on the receiver for reporting on the use of that gift. A "grant" on the other hand, as the term is used by grant makers, has many other features beyond a gift, but in most Zambian languages there is no room for such a distinction.

Here are the main differences between the two words.

Give: to transfer something from one's own possession to that of another

Grant: an act of giving in response to a request or a desire expressed by the recipient and within the discretion of the giver to withhold

A grant maker must make sure that potential grantees understand and appreciate :

1. that a grant is different from a gift,

and must make sure that potential grantees understand that a grant has the following elements:

2. it has to be requested from the grant maker by the potential grantee
3. the request may or may not be agreed to by the grant maker
4. the grant may carry conditions which limit the use of the grant

Once we move from a grant to a person (like a bursary or scholarship) to a grant to an organisation, the definition gathers some additional points:

A Grant to an organisation is a commitment by a donor to make one or more payments to that recipient organisation in furtherance of certain agreed purposes. The activities funded by the donor organisation are normally carried out by the recipient organisation independently of donor.

We expect the recipient organisation will not be simply an instrument of the donor organisation, but that it will have its own ideas, and its own ways of carrying them out. These ideas are expressed along a spectrum from near to complete direction from the donor to near or complete independence from the donor.

2. The Question of Independence

The balance between the independence of the grantee and the standards/ requirements of the grant making organisation is critical in setting the tone of the grant relationship. Too great a degree of imposed conditions by the donor may result in an acrimonious relationship in which the grantee chafes under the burden, or even gives up independent thought and waits for instructions. Too great a degree of independence may result in the grantee carrying out activities way beyond what was agreed between them.

Grant making and grant receiving are however, two sides of the same coin. A grant maker cannot exist without someone to receive the grants, and a grant seeker obviously needs the grant maker to make the grant. Independence is interwoven with threads that tie both parties together.

Look at these features:

- the initiative for and the direction of the grant comes from the grantee organisation
- the autonomy of the grantee is recognized by the grant maker
- the grantee's control over and management of the grant funds is recognized by the grant maker

but, at the same time, appreciate these features:

- The grant maker sets the context within which the grantee makes a proposal
- The idea of the project may be suggested by the grant maker
- The idea of the project may emerge from grant maker / grantee discussions
- The grant maker sets out its standards and requirements for the grantee to follow.

We cannot say that either side is independent of the other. Both parties have an interest in a particular development initiative, and both bring their skills and experiences to the task at hand.

This overview of a grant contrasts specifically with a CONTRACT - which is a piece of work that the person owning the money contracts another party to carry out entirely to its own specifications, with no room for interpretation or initiative.

3. Kinds of Grants

In Zambia we are very familiar with one particular kind of grant - the Project Grant.

In this the grant maker provides financial assistance for only one, or a small number of specified activities which are to be carried out to a specified budget and within a specified time period. Alan Fowler in "Striking A Balance" calls them "time-bound, pre-defined sets of objectives, assumptions, activities, and resources, which should lead to measurable, beneficial impacts". Since the granter and grantee together agree and stipulate the use of the grant funds, project grants imply little grantee independence. Almost all foreign donor agencies which make grants, make grants of this type. They furthermore often stipulate what they will and will not include in their project funding - like salaries or overheads. Let us be clear that the project grant has many many limitations (please see Appendix A for a list of these), but that it is so common that it dominates the grant making scene.

Some of the reasons for the heavy reliance on project grants are:

1. Donors often think of NGOs, despite the rhetoric to the contrary, as contractors hired to implement donor programs
2. Projects can be clearly identified physically and/or on paper as "belonging" to a particular donor. This helps donors with public relations, and to justify their expenditures to their own constituency.
3. Project grants, because they are so specifically detailed, provide some comfort to the donors about possible abuse of the money on unplanned expenditures.

It is possible, however to think of other kinds of grants, particularly General Support Grants in which the granter provides financial assistance for the full range of the grantees activities. Since the grantee determines how the funds will be used, general support grants imply a high degree of grantee independence. Church organisations have been foremost in Zambia in offering general support grants, and these usually occur only when over time, trust has been built up between grant maker and grantee.

Grant Makers in Zambia have generally been very limited in their use of the variety of grant making options. The model has been project funds to implementing organisations for program activities. This has sometimes meant that organisations which are not of that type (like coordinating NGOs, or networks) cannot avail themselves of grant makers funding.

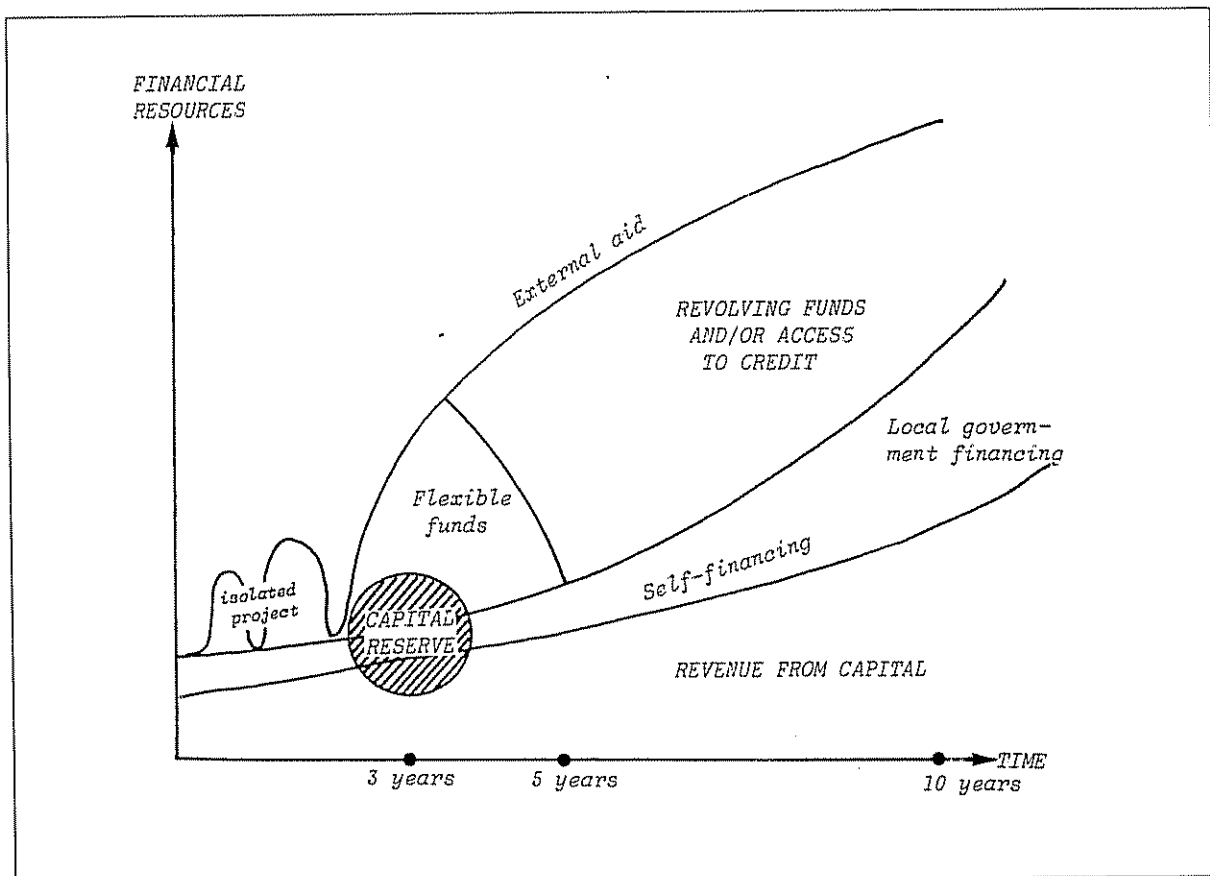
4. Kinds of Grants (2)

There are many different grant making options available to donors ranging from

- Emergency relief and welfare grants
- Small grants tied to specific development projects
- Flexible program grants that allow the NGO to take its own decisions and adapt its own plans as necessary
 - Institution building grants to help the NGO establish itself
 - Non-earmarked grants to the organisation to allow the maximum flexibility and the possibility of building up reserves
- Grants for rotating loans

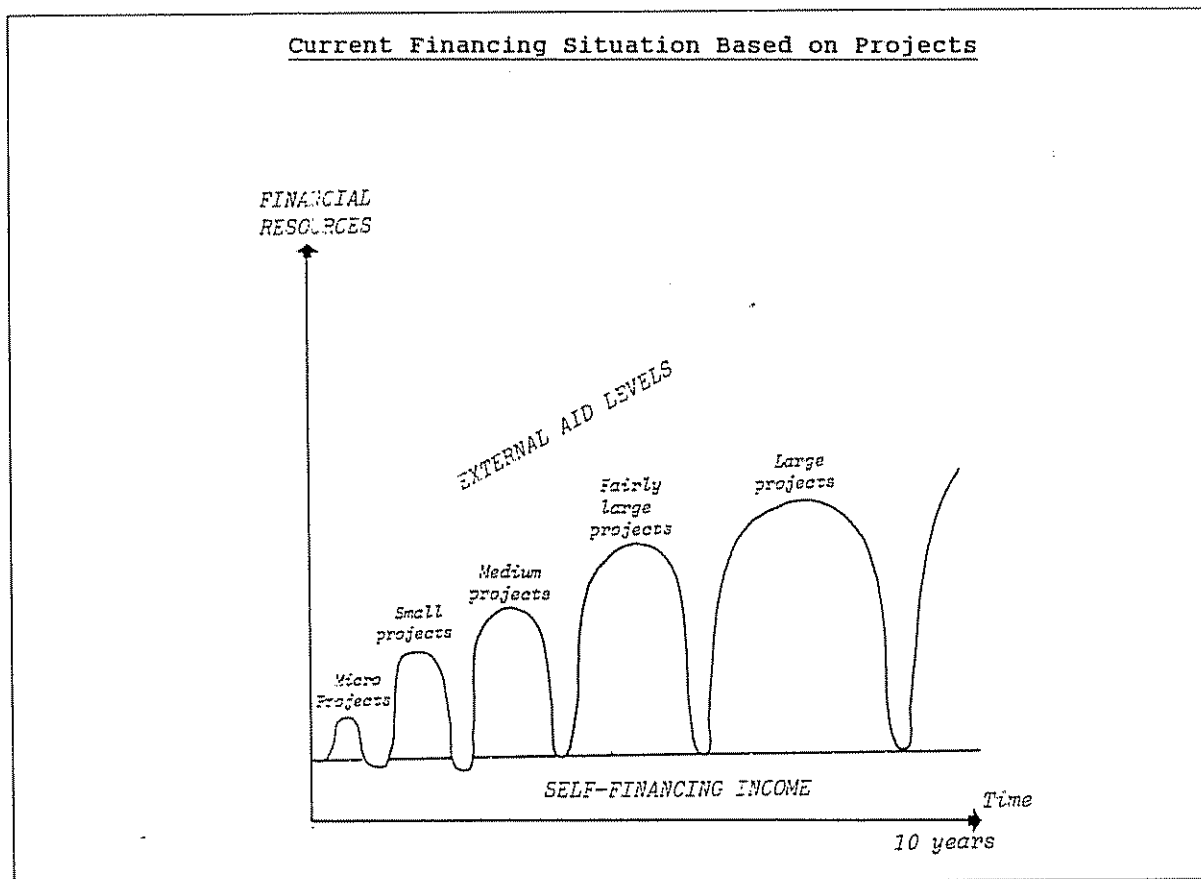
If you NGO has an income source (like a farm or a credit scheme), then you can move beyond grants to bank guarantees and local credit guarantees.

See the illustration from IRED's "Towards Greater Financial Autonomy" - which shows an NGO that both increases its own domestic funding through selling services and investments AND receives a variety of grants over time - each one giving more flexibility than the other.



5. Kinds of Grants (3)

The usual kind of grant to NGOs is, as we have said, the project implementing grant. Many grant makers, and grantees never get beyond this. The following diagram illustrates the basic case (also from IRED's "Towards Greater Financial Autonomy")



In this model the NGO has not bothered to develop its domestic financing, but relies greatly on foreign grant funding.

At the end of each project grant the NGO is in precisely the same situation as it was at the end of the previous project grant - with no flexibility and dependent on a grant maker for another grant to do anything at all.

The grant maker, once aware of the present situation, has the opportunity to try and introduce new ideas and a greater number of options into the grant making pattern. The aware grant maker does not need to carry on grant making activities according to the patterns of the past - but can try out a greater range of grant making activities - like for instance:

Activity grants	Core grants	Project grants	Program grants
Seed grants	Capital grants	Matching grants	Challenge grant
Conditional grants	Research grants	Umbrella Grant	
Grants to 3 rd parties	Grants for revolving loans		

6. Who are grant makers?

In Zambia grant makers are predominantly foreign donor organisations. Let us, however, break down the categories of who are, or who could be grant makers:

Firstly there are the Foreign Grant Makers, from:

1. Bilateral organisations and their contractors (e.g. USAID and JSI)
2. Multilateral organisations (like UNICEF and EU)
3. Foundations/International NGOs¹

Secondly there are Zambian Grant Makers

1. Organisations making grants on behalf of Government (very few if any)
2. Organisations making grants on behalf of bilaterals and multilaterals (some examples are coming up - like FHT and CHIN)
3. Organisations making grants for Foundations and INGOs (very few if any)
4. Indigenous grant makers (the few that exist give grants to individuals over organisations e.g. the Beit Trust, the Lechwe Trust, The Mpelembe Trust - but the fraternal organisations like Lions and Rotary give grants to NGOs)

As we have said, most grant making bodies are foreign. They have established the pattern and the perception of grant making bodies.

The positive aspects of foreign grant making bodies are that:

- They avoid geographical or tribal bias in making grants
- They have always had funds available for grants (though this has changed recently)
- They have clear financial regulations

The negative aspects are that:

- Donor grant making policies change with no involvement of local partners
- Donors encourage dependence on donors
- Donors do not create local independence or sustainability
- They create a culture of dependence on foreign funding
- Development is defined by foreign organisations not local ones
- There is a lack of financial flexibility

¹ Foundations are organisations with a capital base which make grants from the interest they receive from their investments. International NGOs (INGOs) nearly always raise money in order to spend it - they do not usually operate off the interest from investments.

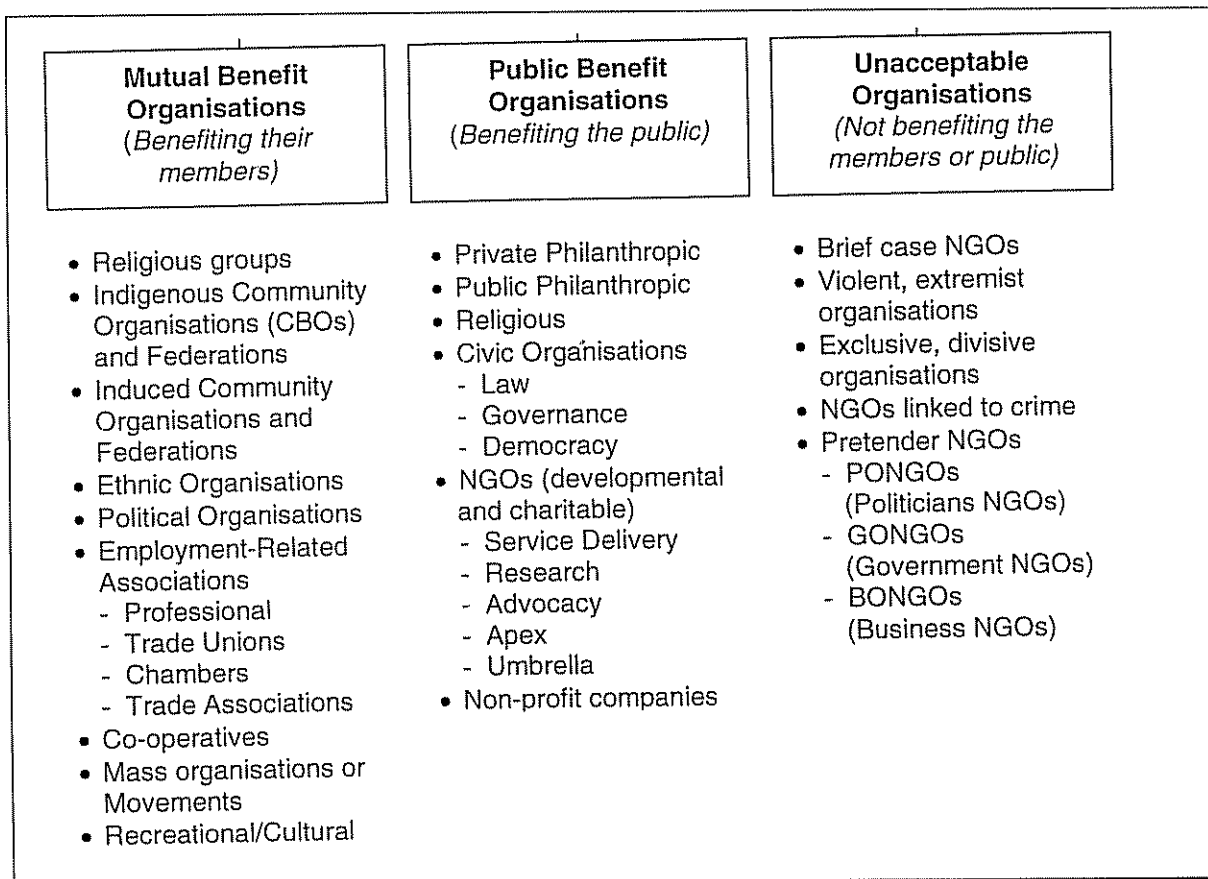
7. Who are grant recipients?

In theory all organisations of civil society are potential grant recipients. But to operationalise this idea requires some analysis of what are the organisations in civil society.

They can be broken down into 3 categories:

- a. Mutual Benefit Organisations i.e. those organisations which seek benefits for their members
- b. Public Benefit Organisations i.e. those organisations which seek benefits for others beyond their membership
- c. Pretender Organisations i.e. those organisations which falsely make out that they are civil society organisations, but which are not

Please look at the diagram of civil society organisations:



The usual organisations which we would expect to be grant seekers are the NGOs listed under Public Benefit Organisations.

There are other organisations which might be potential grantees - i.e. they may have some special attributes which make them likely partners for a grant maker. Such

could be Religious Organisations (both Mutual and Public Benefitting), Civic Organisations, Location Specific Philanthropic Organisations.

There are other organisations which a grant maker would definitely not want to work with - the Private benefit organisations.

Finally there are organisations which might be interesting and valuable partners to a grant maker, but which the grant maker might well harm - these are the Community Based Organisations (both indigenous and induced). Their strengths are in their use of volunteers, and in their reliance on local resources. If a grant maker agreed a grant to such people, it might well destroy them as community based organisations, and harm their ability to do their work by introducing outside funding, and paying salaries to staff.

It is very important for grant makers to consider the nature of the business they are in. They are providing money, under closely controlled conditions, it is true, but money nevertheless. In many small NGOs, money is a resource which can cause tensions between those who receive it and those that don't, and which can encourage unrealistic and unsustainable expectations.

Grant makers need to think through the competencies of the potential grantees and assess their capacities. One way of doing this is through the Organisational Capacity Assessment Tool (OCAT) of which a Zambian version exists. The Grant Maker must think whether the resource of money is likely to help or harm the organisation: if the grant maker tends towards thinking it might harm, then it has the opportunity of thinking through capacity building interventions that it might suggest which would diminish the potentially harmful effects of outside money.

In many ways Zambian grant makers have an opportunity to reflect on the difficulties that have been encountered with grants from foreign organisations, and seek to reform the usual way of working so that grant making is done better.

Sharing experiences among grant makers is a valuable idea. As yet there are few Zambian grant making bodies (examples are LARC in the Copperbelt, LOWA in Livingstone, FHT in Lusaka - all supported by PCI, which is, in turn, supported by USAID).

There is one regional grant making coordinating body - SAGA in South Africa which stands for Southern Africa Grant Makers Association. They are producing useful materials and collaborating with a US organisation with a lot of experience in this field - the Synergos Institute.

8. Being able to recognize a good partner organisation (NGOs)

A good NGO will have all or some of the following characteristics:²

APPENDIX I

CHARACTERISTICS OF AN IDEAL NGDO

AN IDEAL or 'HEALTHY' OPERATIONAL NGDO

1. UNDERSTANDS socio-economic and political realities and is able to maintain the POSITION it wants with respect to its values, vision, identity and mission amongst other institutions and organisations in society.
2. Is an AWARE organisation, constantly able to LEARN, review and adapt its position and methods to maintain performance.
3. Shows DISTINCTIVE COMPETENCE through cost-effective use of resources in achieving its mission.
4. Is ACCOUNTABLE to its stakeholders and proves its LEGITIMACY through demonstrated IMPACT on the problems of poverty and injustice facing those it is established to serve.
5. Can form STRATEGIC ALLIANCES with others in pursuit of its goals without compromising its position.
6. Enjoys COMPETENT LEADERSHIP that is visionary, has integrity, is respected internally and externally, can constructively manage inherent organisational tensions, is adept at recognising and resolving conflicts and is action-oriented.
7. Has a FINANCIAL BASE that assures AUTONOMY and CONTINUITY, requiring long-term financial strategies and competent management of diverse funding sources.
8. Has ORGANISATIONAL STRUCTURES and SYSTEMS that:
 - ensure interventions are appropriate to diverse environments and social groups;
 - can select and maintain correct priorities and plan for them accordingly;
 - can link multiple levels of development action;
 - engage with both organisational and institutional change;
 - achieve sustainable impacts;
 - do not create dependency;
 - empower those served;
 - motivate and develop staff as individuals and teams;
 - continually learn;
 - are responsive, with high local problem-solving capabilities;
 - build the capacities of others, particularly CBOs.

² See Alan Fowler "Striking a Balance"

9. Being able to recognise a good partner organisation (CBOs)

A good CBO will be able to do the following³

APPENDIX II

CHARACTERISTICS OF AND IDEAL MEMBERSHIP/ MUTUAL BENEFIT ORGANISATION

The capacities of an ideal or healthy mutual benefit organisation, e.g., a community based organisation, can be summarised as the capabilities to:

- a) Mobilise and regulate local resources (from members and other sources) on an ongoing basis.
- b) Manage and account for resources to the members.
- c) Ensure that leadership can be censured and held accountable.
- d) Ensure and enable the ongoing participation of relevant stakeholders.
- e) Cost-effectively translate external support into sustained impacts.
- f) Critically assess public policies and translate them in locally appropriate ways.
- g) Mediate, resolve and manage internal conflicts.
- h) Effectively control an equitable distribution of benefits.
- i) Resist appropriation of benefits by those who should be excluded.
- j) Make legitimate claims on resources and defend local interests towards the government.
- k) Understand civic rights and exert them towards politicians and government officials.
- l) Hold NGOs and other intervening agencies accountable for their behaviour.
- m) Monitor, evaluate and learn from experience.

³ also Alan Fowler "Striking A Balance"

10. Being able to recognize a good project

For many, the technique called log frame or logical framework analysis defines a well thought through project. Such a project has considered its objectives at different levels, considered the indicators of success for each of these objectives, considered how these indicators can be verified, and has considered the assumptions that have to be made about factors which are necessary for the project's success but which are outside the control of the project.

However, evidence of a log frame only tells us that the necessary thinking has gone on. It says nothing about the process which brought the NGO to that particular logframe. A Logframe can be developed in isolation by one person: what is needed is a log frame that has been put together by a participatory process. The process is often called ZOPP/GOPP (Goal Oriented Project Planning) or OOPPP (Objectives Oriented Participatory Project Planning). These techniques have the following components:

- 1. Stakeholder identification**
Who is a stakeholder in this potential project? Who needs to be involved in planning it?
- 2. Problem Identification**
What are the problems that make up the identified problem area?
- 3. Problem Tree**
Which is the core problem? What are the causes of it? What are the effects of it?
- 4. Objectives Tree**
What are the future states towards which this project would like to move? What is the main objective? What are the means? What are the ends?
- 5. Strategy Analysis**
What are the different ways that this objective might be reached? Which way best fits the situation of the NGO involved?
- 6. Hierarchy of Objectives**
What is the Goal of this project to which the NGO and others are contributing? What is the purpose which will affect the people concerned directly? What are the outputs that the NGO is directly responsible for? What are the activities that will produce the purpose?
- 7. Assumptions**
What has to happen outside the NGO's part of the project to ensure project success?
- 8. Clarification of Indicators**
How will we know that we have succeeded in each of these objectives?
- 9. Clarification of Means of Verification**
What sources will show us that the indicators have been achieved?

11. Essence of good grant making

It is widely recognized that the grant maker and the grantee have different interests. The essence of good grant making is the ability to utilise funds to meet the interests of both the grant maker and the grantee.

Both parties are involved in reaching a development objective: both grant maker and grantee need the other. One supplements the other.

Both need to be committed to certain principles like efficiency, transparency, accountability, but because one has the money, and the other does not, the relationship can easily degenerate into "us" and "them" and bring mutual accusations.

It is thus important to:

1. Be clear about the interests of the grant maker
2. Be clear about the interests of the potential grantees

It is also important to:

3. Be clear about the interests of the Government within whose national policies you are working.

12. The Double Responsibility of a Grant Maker

The first responsibility is to help the Grantee be successful in its work:

1. help the NGO in planning, implementing, monitoring, and evaluation
2. help the NGO improve its organisational capacity
3. help the NGO use the grant well
4. help the NGO understand and implement the donors rules and regulations without breaking them
5. help the NGO to achieve the intended impact - for both of you.

The second responsibility is to make sure that the Grant Maker looks after its money responsibly:

1. Check that the grantee follows the rules and regulations
2. Check that the grantee spends the money as was agreed
3. Check that the grantee properly accounts for all expenditures and that all reports and audits are carried out properly

13. Grant making with your own or someone else's money

If you are a Foundation which is grant making with your own money, you can decide on your own scope of work and your own means of implementation. You are only limited by:

1. Your own vision, mission, and programs
2. The law of the land
3. The readiness of potential grantees to accept your scope of work and means of implementation
4. Common sense

If you are, on the other hand, an intermediary organisation, grant making with someone else's money, then you accept certain terms and conditions from the money owner, and have to translate these into workable operations with grantees.

You should not, however, relinquish your own judgement and analytical ability, and you should provide feedback to the money owner on the effect of the money owner's terms and conditions.

It is instructive to think through why a money owner would employ a grant maker, and why a potential grant maker would take up this role:

1. A money owner may employ a grant maker to:
 - develop the organisation under discussion so that it can take on the extra roles and responsibilities of becoming a grant maker
 - develop the skills of the organisation in grant making, capacity assessment, and organisational development
 - offload some administrative burden
 - to identify a local organisation whose interaction can be more valuable for the target group.
2. A potential grant maker may take up the role to:
 - build up income for the organisation through the fee that it gets paid to do the grant making
 - find a new role and new partners
 - build staff capacities in new areas

14. Guidelines for Good Grant Making⁴

1. **Identify who are the likely stakeholders in your grant making organisation.**

They may be any or all of the following:

- The end beneficiaries
- The grantees
- NGOs doing similar work
- The communities in which the grantees operate
- Policy makers
- Academics and activists in a particular field
- Other development and granting agencies
- Appropriate government departments
- The general public
- The staff and board of the grant making organisation
- The owner of the money

2. **Build a Vision and a Mission for your grant making organisation**

3. **Make Clear Statements**

about

- The specific interests of the party providing the funds
- The specific interests of the grant making organisation
- The program area in which the grant maker is working
- The desired results of the program
- The criteria for funding a grantee
- The principles of the grant maker
 - e.g. Management credibility
 - sustainability
 - legitimacy
 - accountability
 - community participation
 - financial controls
 - reporting
 - disclosure and transparency

4. **Balance the Development Needs of the Country, the Grant Maker, and the Grantee**

the criteria for making grants, intended results and progress indicators should be articulated with the national priorities in development and related fields

⁴ The following pages are largely based on the publications of SAGA (Southern Africa Grantmakers Association)

the grant making programme should be designed to ensure that the grantmakers own legitimate interests are served

The grant making programme should be sensitive to the interests and aspirations of the grantees

The essence of good grantmaking is the ability to utilise funds to meet the interests of the grantmaker, the grantee, and the nation.

5. Practice Fairness and Disclosure in processing grant applications

Grantmakers should provide clear and upfront information on the following topics:

How to make an application

When and how applications should be submitted

How they will be reviewed and by whom

The structures for decision making

The time frames for decision making

How a final grant agreement will be made

What reporting requirements there are

At what point money will be transferred

The information provided should be clear and accessible to all - urban/rural, educated/uneducated, English/non-English speaking, those used to the ways of grantmaking/those ignorant of this.

The time period between lodging an application and a decision should be as short as possible. Refusals, particularly, should be made promptly.

6. Establish a Framework for Making Decisions

Available budgets must be known in advance so that invitations to submit proposals are in line with available funding

Agreed Program Areas should be known and announced in advance

Establish a Logging and tracking system which starts with enquiries and moves through all stages of the decision making process. Acknowledge all letters and communications so the grant seeker is clear where his/her proposal has got to.

Establish who looks at the proposal at what stages, who short lists, who makes the final decisions

Establish a scoring system for assessing proposals based upon the agreed criteria and a weighting against each.

If extra expertise is required by the grant maker to assess the proposal, be aware of where such expertise can be found

Give clear reasons for declining a proposal

7. Developing the Proposal with the Grant seeker

The grant maker should negotiate the development results expected from the grant carefully with the grantee so that both parties' interests are served.

Be prepared for many discussions to help clarify the grant seekers ideas before he/she finally submits a proposal. But remember that the proposal is finally the grant seekers responsibility and has to be owned by him/her.

Develop and use a check list for features of a proposal that are important to the grant maker and use these to help guide your discussions

Once you have a worthwhile proposal, make a site visit again using your check list, and write up the site visit with your check list as a framework.

If the site visit persuades you against funding the grant seeker, tell them you are declining their proposal on your return.

8. The Final Recommendation

The person responsible should finally write an internal document recommending funding of the grant seekers proposal. This document is the basis for the decision that is taken. It is an internal document which clarifies the situation from the grant makers perspective and points out potential or actual risks

Be very careful about issues of conflict of interest. If such an issue comes up remove a member of the grant making organisation from dealing with a particular proposal and announce that this has been done and why.

9. Negotiating a Funding Agreement

The grant agreement should define the relationship between the grant maker and the grantee, and outline precisely the results that are expected from the grant.

The grant agreement must be mindful of the opinions, needs, and feelings of the end beneficiaries

The commitment letter states the amount of money approved and the dates on which such monies shall be disbursed, the proposal that has been accepted (and any modifications of that proposal), the purpose of the funds, the system for monitoring and evaluation that shall be followed. This letter

should also clearly state the circumstances in which funding might be terminated.

10. Monitoring Progress

Monitoring progress works two ways: make sure that the grant maker adheres to the agreed schedule of payments and visits, as well as monitor the progress of the project

The grant maker should employ effective monitoring procedures to ensure proper control and that grants are utilised in accordance with the grant agreement

Effective monitoring includes:

- paying careful attention to reporting requirements
- understanding external audits
- personal visits to the project
- reading and responding to project reports and requests
- exercising flexibility when required
- understanding developments in the sector in which the grantee operates.

11. Evaluating progress

Evaluating also works two ways: evaluate the grantee and his/her project, but also evaluate the grant making process to assess how well the grant maker is doing.

Periodic internal evaluation sessions are valuable and could involve both grant maker and grantee. An externally facilitated evaluation is also sometimes necessary.

If the evaluation (of whichever kind) recommends changes, then organisational development support may be necessary. Grant makers should be knowledgeable about a variety of organisational development approaches, or should be able to contact those that are.

12. Be contactable

Grantmakers should be contactable and available for consultation. They should do all they can to return telephone calls, answer written enquiries, make themselves available for discussions with projects, and deal with problems

13. Plan for sustainability

Grantmakers should encourage and support grantees in the development of the necessary capacity and strategy to sustain the organisation beyond the period for which the grant is made.

Grant making policies and processes should be designed to have the end result of empowering people and communities. This can be achieved by avoiding fragmented, hand-out driven approaches in favour of carefully structured funding policies which aim to facilitate long term sustainability

14. Develop Partnerships

Grant makers should seek to operate in such a way that the identity and integrity of the grantee organisations are fully respected.

Relationships with grantees should be mutually respectful and collaborative partnerships in which each partner makes a clearly defined and complementary contribution towards the achievement of a common development goal.

Grant makers should encourage grantees to involve local communities in development programmes in their areas

Grant makers should seek to establish supportive relationships with grantees that extend beyond providing money. These include taking some responsibility for developing capacity for development delivery, and sharing time, skills, and other resources.

15. Be Committed to Learning

Programmes should be regularly assessed in the light of changing social and economic conditions. Systems and procedures should be constantly refined to improve effectiveness.

Grant makers should seek to improve the quality of their grant making policy and process by constantly inter-acting with other grant makers, ensuring that their staff are adequately trained, and keeping abreast of national and international trends in grantmaking.

It is a myth that someone always has the answers to problems that are faced. Do not naively believe that your grantees will get it right, and do not let them naively believe that the grant maker knows it all. There may not be a right answer, or there may be many right answers.

The War Between Foundations And Nonprofits; Discussing Differences

In an ideal world every nonprofit would have adequate funding for its authentic mission, but realistically every organization faces funding complications at one time or another. The difficult, ongoing challenge is for nonprofit boards and managers to successfully assert and maintain a strong focused mission and, simultaneously, get the resources necessary to carry it out. Nonprofits and their funders need to have a serious discussion about the tradeoffs between achieving donor expectations and supporting nonprofit initiatives. It is inevitable that the grantmaking interaction brings out conflicts and differences in view point — even opposite conclusions on the same aspect of the relationship.

Since listing differences can be the first step in opening communication toward resolving misunderstanding, the following two lists bring out this conflict. What is listed are perceptions on both sides of grantmaking about what foundation grantmakers and nonprofit grantseekers dislike about one other. Obviously not all of these apply to everyone, but they represent the strongest feelings on each side.

Ten Things Foundations Dislike about Nonprofits:

- 1) Nonprofits that fail to read the foundation's funding guidelines, or submit boilerplate proposals that do not address the foundation's focus areas.
- 2) Nonprofits fail to submit agreed upon progress and financial reports after a grant is received.
- 3) Nonprofits that fail to disclose major facts or changes that bear on an organization's proposal, ranging from key staff, funding or legal issues.
- 4) Nonprofits that read the guidelines but ask to be an exception, or present a contorted argument about why their organization falls within the corporation's interest area: "While our main purpose is x, here is an explanation of why what we do is actually something else — the thing you fund," and then quote the guidelines.
- 5) The failure of nonprofits to appreciate limitations on the foundation, including limited time, money and staff authority.
- 6) Organizations that only call when they need money — and then don't send a thank you letter (like college students), and fail to take advantage of other resources available from the foundation (reports, contacts with other organizations, ideas on potential new directions).
- 7) Nonprofits that don't accept rejection well, taking it too personally and out of context.
- 8) Poorly organized nonprofits: lack of time management, fiscal discipline or self sufficiency.
- 9) Duplication of effort — too many nonprofits.
- 10) Grantseekers that have a smug, self righteous certainty that their own cause is the most important, and that they act out of ideals while others act out of self interest.

READ!!! This could save your funding!

Ten Things Nonprofits Dislike about Foundations

- 1) Foundation staff fail to take the time to schedule time for meetings, site visits or carefully review the proposal necessary to fully understand an organization's needs.
- 2) Foundations and corporations are not sufficiently open to new organizations to get corporate support.
- 3) Grantmaking guidelines lack clarity, or use buzz words laden with meaning clear only within the foundation, so that reasonable people reading the guidelines can reach completely different conclusions about the foundation funding interests.
- 4) Foundation staff are inaccessible, hard to meet with or get on the phone, let alone get to return phone calls.
- 5) Foundations mislead organizations about the likelihood for funding, encouraging them to submit proposals or feel positive about funding requests when the actual prospect for support was slim or none.
- 6) Foundations have quick-fix funding expectations. Nonprofits feel buffeted by changing funding interests, with increasing emphasis on what this grant will accomplish this year.
- 7) Corporations that reject proposals by form letter, without giving specific reasons or explanation of why the proposal was not funded.
- 8) Corporations that try to change what a nonprofit does, or seek to achieve marketing or public relations goals through support of an organization. This presents a strong temptation for the organization to deviate from its mission.

(By contrast, the number one nonprofit frustration with private foundations is their failure to provide general operating support. Corporate grantmakers have been much more willing to provide general support, and tend to give many more but smaller grants than private foundations. However, some corporations are increasing their preference for special project grantmaking.)
- 9) Foundations violate their own grantmaking guidelines or procedures, stating that they do not fund in a particular area, but turn around and make a grant in that area.
- 10) Grantmakers that communicate an arrogant attitude.

Developing a working relationship

Since grantmakers and grantseekers need to work together, these differences are rarely expressed openly. As in other walks of life, the most effective relationships are based on respect, trust and candor. The difference in the cash position of the parties presents an inherent inequality, but need not get in the way of a working relationship. Meeting with nonprofits outside of actual grant negotiations, conducting site visits, and being available by phone help achieve accessibility. The nonprofit sector is entering an era of change, due in large part to its growth. Nonprofits are no longer seen as well-meaning but amateurish efforts, but now appear to the public more like professional service providers, to business more like market threats, and to government both an avenue to privatize service delivery and a potential source of tax revenue. The sector will need the support and involvement of grantmakers to achieve its full potential.

(Borrowed from *The Philanthropy Project*)

Appendix 3

At worst, projects:⁵

1. impose a linear way of thinking on cultures which may have other and richer modes of understanding
2. assume that the future can be accurately foreseen and constructed imposing a rigidity on processes that should be adaptive and flexible
3. introduce financial time frames which usually have no bearing on the seasonal cycle, cosmology, or time availability of rural people
4. induce false optimism and negate assumptions which might be significant enough to mitigate against taking the initiative while imposing optimistic goals to attract finance.
5. do not recognise the consequences of unintended effects
6. place effective power in the (literate) hands of those who finally define the project
7. call for extensive data gathering, creating false expectations
8. introduce an imbalance between tangible outputs and human processes, with a bias towards the former because of donor expectations
9. recognize, but then ignore, necessary links to other (project) activities so that its own deadlines can be met.
10. restrict free choice during the process, claiming ownership of participants, even to the extent of removing their freedom to relate to other initiatives of services
11. introduce a mind-set that is predisposed towards an authoritarian style of interaction, which equates progress with disbursement, and accountability with accounting for financial or material resources.
12. lead to an abrupt termination rather than a phased withdrawal as appropriate conditions are created
13. keep all participants, but especially the NGO, in a constant state of insecurity, inducing them to acquire projects for self-sustainability, over-riding community perspectives

⁵ taken from Alan Fowler "Striking a Balance".

14. work against organisational continuity and consistency (due to changes in staff, ideas and priorities)
15. are too short term in relation to the ultimate goal and confuse means with ends, so inputs are equated with impact
16. force relationships into a contractual mode as opposed to their styles
17. do not allow learning through trial and error while ignoring learning from post-project effects

