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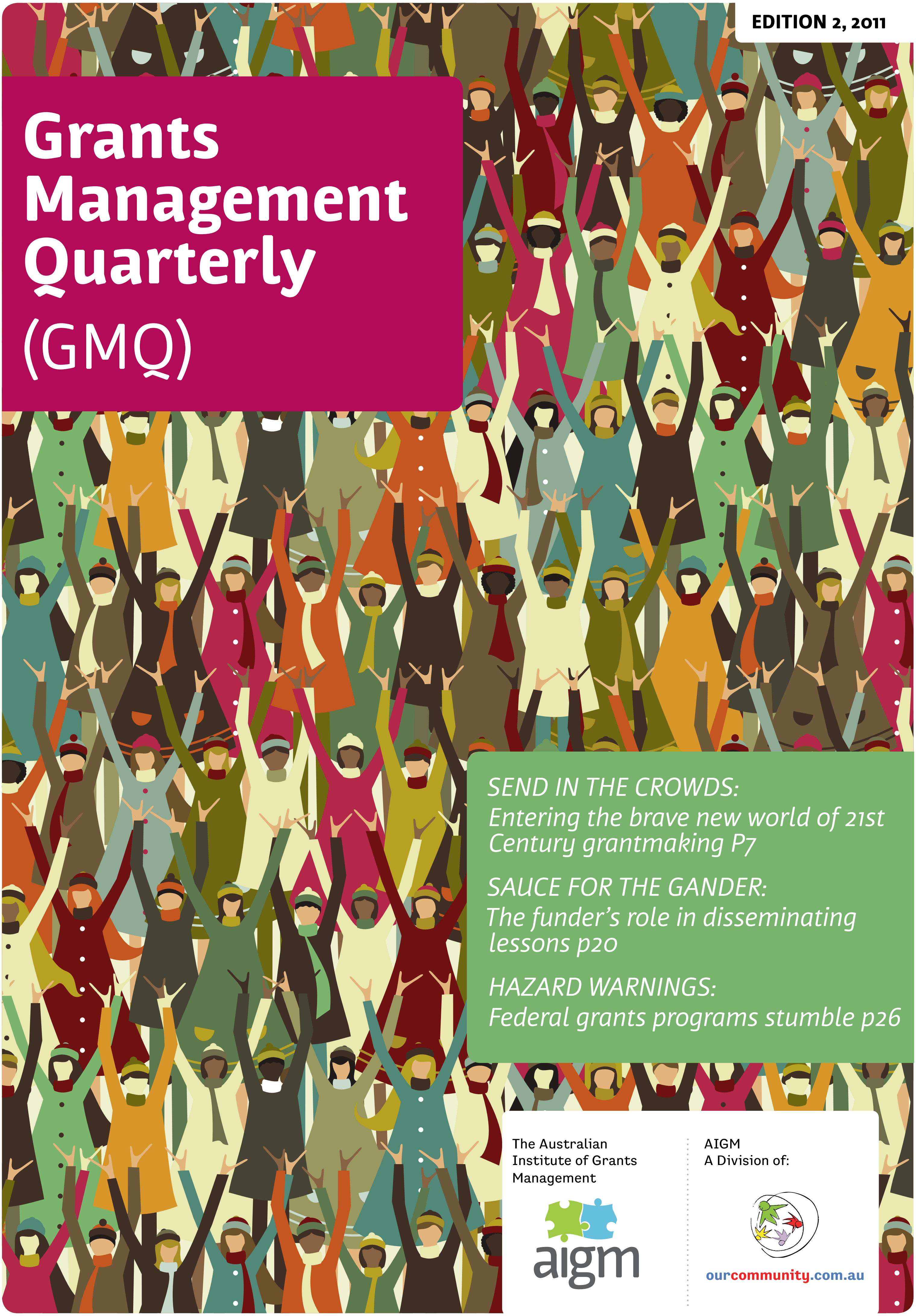

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The Australian Institute of Grants Management

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Publisher:
Our Community Pty Ltd
National Headquarters
51 Stanley Street West Melbourne VIC 3003 Australia
(PO Box 354 North Melbourne VIC 3051 Australia)
Telephone (03) 9320 6800
Fax (03) 9326 6859
Email service@grantsmanagement.com.au
Website www.grantsmanagement.com.au
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We welcome your input
We welcome your article ideas, input and feedback.

Contact the Editor:
Kathy Richardson
kathyr@ourcommunity.com.au
(03) 9320 6815

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As the National Standard Chart of Accounts (SCOA) comes into effect from July 1, the first analysis of the benefits of Victoria's SCOA – introduced in 2010 – has just been completed. The analysis has found cost savings to the state's not-for-profits estimated at more than $3 million per year.

CHARTING CHANGE:

National Standard Chart of Accounts now in place

VICTORIAN not-for-profits will save $31 million in the next decade following the implementation of the state's Standard Chart of Accounts (SCOA) last year, according to research commissioned by the State Government.

The Victorian SCOA, which became compulsory use for all State Government departments last July, provides a common approach for not-for-profits and community organisations when collecting and recording financial information.

It consists of a set of accounts, which can be set up in most accounting software systems.

While the SCOA's use is not compulsory for Victorian not-for-profits, it is recommended they use it in order to save time and money when they perform bookkeeping, grant application and financial reporting tasks.

A new study commissioned by the Victorian Government has found the state's implementation of the Standard Chart of Accounts will save not-for-profit groups $3.1 million a year for the next 10 years.

The review, commissioned by the state's Office for the Community Sector (OCS), also found a number of non-quantifiable benefits for groups adopting the SCOA – most notably the increased quality in financial information it will generate.

Victoria's SCOA has also won widespread approval from the community sector: ▶

- 87% of groups surveyed were satisfied with the tools and level of support the OCS provided to help them implement the SCOA.
- More than 80% of groups who implemented the Victorian SCOA found the implementation easy.
- 94% of groups which began using the Victorian SCOA recommended other organisations do so.

The full review, conducted by Strategic Project Partners can be found at **http://tinyurl.com/3w7jkqm**.

MILLIONS WASTED ON NFP COMPLIANCE – REPORT

Meanwhile, a new Australian report has examined the scope of time and money lost each year in the community sector due to duplicate reporting needs and unwieldy accountability requirements.

The report – *The Cost of Quality Service Standards: Assessment and Compliance Reporting for the Not-for-Profit Sector* – was compiled by BNG NGO Services Online/Bradfield Nyland Group. It found that:

- 85% of organisations surveyed undertook duplicate multiple standards assessments and compliance reports against quality or service standards.
- The average reported staff time spent just to assess and report on standards compliance was 290 hours per organisation, per year – or almost two months annually. Many more hours are required to complete the work required to achieve compliance.
- The estimated annual cost across the human services community sector is between 2.7 and 3.5 million hours. This equates to a conservative financial estimate of between $87 million and $105 million. This is the cost for community organisations alone. There is also a substantial cost to government which is yet to be quantified.

Other findings included:

- About 50% of groups classed as micro (annual income less than $150,000) or small (annual income between $150,000 and $2 million) which received government funding had to complete more than one report to government on their activities, performance and outcomes. In fact, 20% had to complete between eight and 20 such reports.
- Overall, 60% of groups funded by state or territory governments completed more than five specific or separate reports on activities, performance and outcomes in an average year. The comparable figure for those organisations receiving Commonwealth funds was 40%.
- 21% of organisations undertook between eight and 20 specific or separate reports on activities, performance and outcomes in an average year. More than 13% of organisations undertook more than 25 specific or separate reports on activities, performance and outcomes in an average year.
- More than 70% of small organisations surveyed spent in excess of $5000 annually to meet standards assessment and compliance reporting requirements. More than 50% spent $10,000 or more each year, and 5% of micro and small groups spent a whopping $50,000 or more annually.
- Almost all medium, large and very large organisations spent over $10,000 annually to meet standards assessment and compliance reporting requirements.
- In excess of 65% of groups spending above $50,000 reported spending well over $100,000, with one organisation advising recent standards assessment and compliance reporting changes had cost the organisation more than $400,000.
- More than 30% of small organisations reported losing more than 280 hours annually – equivalent to two months of a full-time worker – to standards assessment and compliance reporting.
- More than 65% of medium sized organisations lost more than 280 hours annually; with one group saying it had spent more than 10,000 hours on standards assessment and compliance reporting. ✖

ABOUT THE SCOA

From July 1, Federal, State and Territory Governments will formally adopt a uniform National Standard Chart of Accounts for the not-for-profit sector.

The national standard, developed through the Queensland University of Technology's Australian Centre for Philanthropy and Non-Profit Studies (ACPNS), aims to reduce the sector's compliance costs.

While it isn't compulsory for community organisations to use the standard, it is recommended they do in order to cut down on administrative costs.

Help converting to the National SCOA is available on the ACPNS website – **http://tinyurl.com/ygx2eqo**.

The draft May version of the SCOA, incorporating input from SA, NT and Tasmania, is at **http://tinyurl.com/3cdyjls**.

WATCHING THE GRANTMAKERS

The Australian Centre for Philanthropy and Non-Profit Studies is asking community sector grantseekers to help track the government take-up of the Standard Chart of Accounts.

A survey – posted at **http://blog.bus.qut.edu.au/scoa/grant/** – will collect first-hand information about how many (and which) government grantmakers have updated their grant applications and acquittal process to take account of the SCOA.

FOR FURTHER INFORMATION:

The full report can be downloaded here: **www.managementsupportonline.com.au**. Free registration is required.

TrendWatch

Technology and the community

WE recently reported (**Edition 3, 2010**) on a US foundation that was putting its money into initiatives that used technology to strengthen communities.

The idea has now spread to the UK, where The Media Trust is working on the second round of the Community Voices scheme.

Funded by outside organisations, the scheme is designed to give disadvantaged, isolated or voiceless communities the confidence, skills, and resources they need to use digital media "to make a meaningful difference to their lives".

It's a big ask, but it will be fascinating to see how it works out. Those who come after – and there will be a lot of them – will learn from the mistakes made in these early experiments.

And if you want to see what's happening in a higher-bandwidth media, have a look at **this documentary**, showing the Trust's work with seven communities that include an internet radio station for the over 50s in Merseyside, a group of homeless people in Bradford, an Interfaith community in East London, people with learning disabilities in Croydon, carers in the New Forest, a self-help group of refugees in Oxford, and a group of teenagers trying to combat the stigma associated with their estate in Ipswich.

This year's scheme will focus on communities who feel voiceless due to long-term illness, older age, or disability, and will work both with groups that are brand new to the world of digital technologies and those that have experience but need a bit of extra help.

And just to show that Media Trust (a) know the value of older media and (b) know the value of publicity, they've partnered English downmarket tabloid *The Sun* to launch Column Idol 2011, a competition fronted by English music star Jessie J that offers 18 to 25-year-olds the chance "to be mentored by top journalists – with one lucky winner getting the chance to have their column printed in *The Sun*."

Still, they're young – they'll have a lifetime to live it down.

They said it ... Evaluating Advocacy

"To be a skilled advocacy evaluator requires a deep knowledge of and feel for the politics of the issues, strong networks of trust among the key players, an ability to assess organisational quality, and a sense for the right time horizon against which to measure accomplishments.

"In particular, evaluators must recognise the complex, foggy chains of causality in politics, which make evaluating particular projects – as opposed to entire fields or organisations – almost impossible."

Stephen Teles and Mark Schmitt, **The Elusive Craft of Evaluating Advocacy**, *Stanford Social Innovation Review*, Summer 2011

Crowdsourcing, crowdfunding, prize-giving: there are so many new ways to deliver money and generate problem-solving ideas that it can make your head spin. CHRIS BORTHWICK provides the lowdown on what's new, and how you can keep up.

SEND IN THE CROWDS

Entering the brave new world of 21st Century grantmaking

WE LIVE in an age of wonders, when we're at home.

At work, not so much, especially if we're grantmakers.

Even there, though, the new social media are beginning to infiltrate, and it rather looks as if we're in transition to a new paradigm, and we'd better learn to like it while it's still voluntary.

CROWDSOURCING

Crowdsourcing is, as you might expect, outsourcing to crowds, and has got a very much better press than most other sorts of outsourcing.

It uses social media to call people together to work for a common end.

The **Wikipedia entry on crowdsourcing**, for example, isn't simply an account of the phenomenon, it's an example of it; Wikipedia entries are written (and reviewed and managed and checked and regulated) not by a centralised bureaucracy but by individual volunteers from around the world.

The internet enables the enthusiasms of many to be collected and concentrated into common projects.

The volunteering isn't essential. Some such efforts involve money. US Charity GlobalGiving used **crowdsourcing** to reach 800 project leaders in 80 countries for ideas about potential challenges (to design, for example, a self-contained solar flashlight that could also light a room).

It then selected five challenges to move forward by posting those challenges for three months and inviting its network of hundreds of thousands of experts to crowdsource solutions to the challenges for $40,000 to each winner (see **prizes**, below).

After the winners were selected, GlobalGiving used crowdsourcing to raise funds for the implementation of the winning designs (see **crowdfunding**, below).

"The challenge was ultimately solved by an engineer in New Zealand, and the parts for the flashlight were manufactured by a company in China," the Rockefeller Foundation's Antony Bugg-Levine told *Philanthropy News Digest.*

"Today, the flashlight is being successfully distributed and used in Africa, the Gaza Strip, and other parts of the developing world."

In the US, to take another example, the **Case Foundation**'s 2007 Make It Your Own Awards initiative was a challenge to communities to decide collectively on a civic engagement initiative and compete for a number of grants.

The foundation then used an open application and vote system to identify the most promising ideas.

Case was satisfied with **the outcomes** – in particular, it found that "even though only 20 projects received grants, a majority of the 4641 applicants moved their projects forward".

Two years later, more than half of the funded projects had achieved substantial and concrete outcomes without any further funding (if you want to go down that road, check out their templates and **resources**).

The claimed advantage of crowdsourcing is that it's more democratic than distributing your grants by committee. A wider range of expertise can be brought to bear, and the administrative barriers to first-time applicants can be reduced. If the participants are independent there's less danger of groupthink.

There are also suggestions that it can be more efficient – that what author James Surowiecki describes as "**the wisdom of crowds**" will ferret out the best answer to a particular problem.

"We understand we don't have all the answers to some of the world's most challenging questions or the capability to reach out to all the people who may be able to solve them," Bugg-Levine says.

"As the world becomes ever more connected, there is an unprecedented opportunity to capture that untapped creativity on a global basis. That's why the Rockefeller Foundation has invested in our **Advancing Innovation Processes to Solve Social Problems** initiative to explore if and how new innovation approaches such as crowdsourcing can be applied in the development world."

It has also been suggested, though, that while the crowd provides a good way of throwing up innovative suggestions, it's not so effective at judging between them: there is still a place for expertise.

OUTSOURCING DECISION-MAKING

Some agencies – and some grantmakers – employ what one might call second-order crowdsourcing. In the UK, for example (where the national lotteries still split the take after payouts between government levies and grants to charities rather than, as in Australia, the government taking the whole lot) "seventy Lottery-funded projects from across the UK have been named as semi-finalists in this year's **National Lottery Awards**, the annual search to find the UK's favourite Lottery-funded projects. The public is now invited to vote for their favourites…" The public doesn't get to vote for the bread-and-butter grants, just for a touch of jam on top.

And there are, of course, similar awards given out by agencies that aren't primarily grantmakers – see Our Community's **Community Idol Awards**, voted on by the Community in Control conference delegates, for a close-to-home example (though they have now been replaced by the **Kookaburras**).

In the UK, the Cooperative, a movement with about 5000 stores, ran a competition where people could nominate "**revolutions**" in their region – not necessarily blood running in the streets, one winner was about urban beekeeping – to be voted on to win £5000 grants, not by any means core funding but good publicity for all concerned nonetheless.

The UK House of Lords itself recently ran a **competition** to nominate a new Peer (won by a schoolgirl who nominated a former Charity Commission chief for his contribution to the sector). This time the nomination is only a recommendation and the nominee will not become a Lord quite yet, but baby steps.

Plainly, crowdsourcing is not a method that's going to work for everything, and we'll probably need to see a lot more of it before we can clearly discern its advantages and disadvantages, but these utterly new approaches do at least challenge us to look again at the basics of why it is we're doing what we're doing.

> "By using taxpayer funds to top up crowdfunded projects, governments could remove inefficiencies in the current model and ensure more 'bang for their buck'…"

CROWDFUNDING

While grantmakers are looking at better ways to settle on good projects, grantseekers are looking at another of the internet's technological possibilities – not crowdsourcing, where the internet helps the grantmaker, but crowdfunding, where the internet helps the grantseeker.

A project is put up and appeals for funding, and people sign up to help, and – and here is the new technological wrinkle – they can be guaranteed success or their money back, because the project only goes ahead if it fills its quota: if not, every contribution is refunded.

At present, it's most successful in the field of the arts. **Marcus Westbury writes:**

"The Australian creative crowdfunding website **www.pozible.com.au** has plenty of examples. Adelaide's lo-fi fantastic but perpetually underfunded Format Festival successfully raised more than $6000. Melbourne ska-punk band the Resignators are halfway to the $3000 they need to buy a second-hand van for their tour of Canada."

There are those who want to extend this model into government grantmaking.

Westbury's report in The Age goes on to say that "Artspolicy.org's Christopher Madden has suggested government agencies incorporate crowdfunding models".

Madden said that crowdfunding was, in essence, "highly democratised peer review"'.

"By using taxpayer funds to top up crowdfunded projects, governments could remove inefficiencies in the current model and ensure more 'bang for their buck'," he said.

That approach rather skips over the difficult decisions about which projects can be funded through crowdfunding because they're popular (whether or not they're desirable) and which projects should be funded through public money because they're desirable (whether or not they're popular).

Arts projects, too, may be more suitable for this approach than, say, homelessness care.

"Crowd-sourced funding isn't a substitute for government funding or large-scale philanthropy but it does create a parallel system, with a bias towards leanness and new and novel projects, where most of the funding is spent directly on practical needs or innovative ideas and less likely to be sucked up in bureaucratic overheads or expensive fund-raising," Westbury says. "It's well suited to small-scale arts and cultural projects."

There are also proposals for foundation-based crowdfunding, as in the American **Foundation Source Access** – basically, a GiveNow-type system (**www.givenow.com.au**) aimed at foundations rather than the general public – but many changes would be needed before most foundations were able or willing to use them.

It would be a big step for governments, but trying to harness some of those strengths in some of the more formal (and more risk-averse) funding programs is worth experimenting with.

PRIZES OR GRANTS?

It does seem, though, that these technological challenges are landing in our laps every other week.

The relentless pace of innovation – apps, iPads, Twitter, Facebook, Flikr, social media – has us all exhausted.

Don't you wish for the world of your great-grandparents, where you could go through an entire life without having to adjust to anything more novel than cars and electricity and telephones and planes and film and radio and World War I?

No, we are doomed to have to keep up with the new.

These days, prizes are all the go – **this time** with the addition of social media bells and whistles.

"The recent growth of social media technologies has led to a renaissance of prizes and challenges amongst the private and philanthropic sectors," the Case Foundation says.

"New technologies empower organisations to generate thousands of possible solutions, to enlist a community of thousands to help surface the most worthy ones for more careful consideration, and to build on one another's ideas."

One American study identified more

SOCIAL MEDIA DRIVING GRANTEE COMMUNICATIONS

More than 90% of US philanthropic foundations are using social media, though most (78%) still believe that emails and newsletters are the best way to reach grantees, according to a recent survey.

The February 2011 survey of 155 foundation communicators by the Communications Network, suggests that foundations are changing the way they communicate with their target audiences.

Other key findings included:

- 47% said they worked for organisations that had blogs
- 76% hosted videos on their websites
- Respondents estimate that 24% of their organisation's communication dollars in 2011 would be spent on electronic communications
- 60% cited increased capacity for new media and related digital work as a high internal priority.

"Like many organisations dealing with leaner budgets, foundation communicators are expected to do more with less while keeping pace with the changing communications landscape," said Communications Network executive director Bruce Trachtenberg.

"A foundation communicator these days needs to be well-versed and agile in using a variety of communications strategies – from traditional media relations to tweeting and blogging – to reach key audiences in immediate, highly targeted ways."

than 60 new prizes of more than $100,000 each.

The Case Foundation writes: "A key benefit to this approach, especially (but not only) for large institutions, is that it allows organisations to describe the problem that they are wrestling with, without specifying how it should be solved. (If they knew how best to solve it, it would not be a problem.)

"With the right incentives, large numbers of people can be set to work solving the problem, using a wide range of approaches."

Where there are well-defined problems to be solved with clear, measurable, and objective rules (and this isn't always the case) the advantage of prizes over grants is that

- You pay only for results
- You can highlight excellence in a particular domain of human endeavor to motivate, inspire, and guide others
- You can increase the number and diversity of the individuals, organizations, and teams that are addressing a particular problem or challenge of national or international significance
- You can improve the skills of the participants in the competition
- You can stimulate private sector investment many times greater than the cash value of the prize
- You can attract more interest and attention to a defined program, activity, or issue of concern
- You can capture the public imagination.

There are, of course, associated risks. If the public gets to vote on designs, hackers will try to game the system, especially if there's a large amount of money on offer.

Some of these advantages, too, make better sense for the grantmaker than the grantseeker. Proponents such as the Case Foundation say, for example, "Not only does this approach spread the risk around, but it creates a multiplier effect when it comes to investment. ... Each individual team pours its resources into winning – and this adds up."

Teams spent $100 million to try to win a $10 million prize. If a prize is designed correctly, you will get 10-40 times the investment you put in."

For the prizegiver, that's a feature: for the losers who've done their dough cold, it's a bug.

Nonetheless, the American government is throwing its hat into the ring. In the 2009 **Strategy for American Innovation** white paper, President Obama said he was committed to increasing the ability of government to promote and harness innovation.

"The Federal Government should take advantage of the expertise and insight of people both inside and outside the Federal Government, use high-risk, high-reward policy tools such as prizes and challenges to solve tough problems, support the broad adoption of community solutions that work, and form high-impact collaborations with researchers, the private sector, and civil society," he said.

In March 2010 the Obama administration issued a memorandum to all heads of the Departments providing a policy and legal framework to guide agencies in utilising prizes to stimulate innovation.

The Australian Government has yet to join the movement. Its prizes are recognition of achievement, not payment for ideas. It does not wave around prize money for solutions to salination or flooding or traffic coagulation. Perhaps we need a philanthropic body to make the first move?

A McKinsey study, **And the Winner Is**, predicts "the continued development of a global 'prize industry' that will professionalise the management and support of prizes and make prizes more accessible to organisations with relatively small resources."

"We expect to see new ways to stimulate and allow collaboration among competitors, better vehicles for funneling developmental capital to competitors, more investment in prize development, and more creative collaboration between the social, private, and public sectors," McKinsey says.

"And we believe that we will continue to see the emergence of new, creative prize types and change levers." ✖

NUMBER CRUNCH

$600 BILLION ▸ The amount of US federal grant money awarded to states and local agencies in 2010

$135 BILLION ▸ The amount that was awarded in 1990

$465 BILLION ▸ The increase in US federal grants money from 1990 to 2010

1670+ ▸ The number of US federal grant programs offered in 2010

23 ▸ The number of US Government departments and agencies offering grants

$7,900 ▸ The amount of money grantees spent, per award, on reporting costs for one US federal program

HEY, BIG SPENDERS ▸ The Departments of Health and Human Services, Transportation and Education were the US Government's top grantors in 2010

Figures in US dollars. Source: Report to Congress from Jeanette Franzel, Managing Director of the US Government Accountability Office (GAO): **http://www.gao.gov/new.items/d11773t.pdf**

Name Change

Melbourne Community Foundation switches moniker

THE Melbourne Community Foundation is set to undergo a name change, and will be known as the Australian Communities Foundation from the beginning of July.

Foundation CEO Sarah Davies told *Grants Management Quarterly* the change was aimed at better reflecting the organisation's current work.

"The foundation continues to grow and link donors, not just from Melbourne, but from around Australia, with community needs and social issues on a national and state basis as well as overseas," she said.

"The new name more accurately reflects our current work.

"The new name does not signal a change in direction or focus for the foundation. Our mission is still to inspire and enable accessible philanthropy and to match donor interests to emerging social issues and needs of communities."

The Melbourne Community Foundation was established in 1997, and at the time was the first independent community foundation in Australia.

It has grown to now have more than $35 million in funds under management, as well as almost 170 charitable sub-funds.

In 2009-10, the foundation made about 200 grants worth a total of almost $3 million – more than double the value of grants made in 2006-07.

Ms Davies said a growing number of these grants were being made outside of the Melbourne area –another strong reason to change the foundation's name.

"Between 2009 and 2010, 49% of grants were directed to projects in Greater Melbourne, 11% to other parts of Victoria, 28% nationally and 12% overseas," she said.

"The new name reflects the scope and reach of its donors and grants and it positions it well for future growth as a national entity."

The Foundation's new website is now live: **www.communityfoundation.org.au**.

COMMUNITY FOUNDATION FORUM

Registrations are now open for the 2011 Australian Community Foundation Forum.

The forum, an initiative of Philanthropy Australia and the Foundation for Rural and Regional Renewal, is being held in Kingscliff, NSW, just south of Tweed Heads, from August 16 to 19.

The forum brings together community foundation practitioners, board members, staff and volunteers to discuss, learn and expand the capacity of community foundations in Australia.

To find out more, go to **http://tinyurl.com/3fgtux4**

What in the World?

UK grants scheme forced to re-open consultation

A London-based grants scheme has been forced to re-open consultations after the High Court found changes put in place after the first round of discussions didn't adequately consider equality issues.

Late last year London Councils' London Boroughs Grants Scheme was the focus of a period of public consultation, with the voluntary sector asked to have its say on the scope of the scheme.

But post-consultation changes ran afoul of the High Court of England. The Court ruled the council did not go into enough detail over the affects the planned changes could have on issues related to equal access.

London Councils sought legal advice from Britain's Equalities and Human Rights Commission (EHRC), and in doing so opted to stage a supplementary consultation period in April.

There is growing interest in the notion of paying not-for-profits for their outcomes, rather than their outputs, alongside a push to provide a financial incentive for non-government funders to provide the capital to fund the projects. Sounds nice, but there are real problems in implementing this model. But as CHRIS BORTHWICK explains, that isn't stopping people trying.

Social Impact Bonds

World-first experiment releases evaluation

MARKETS, we're told, eventually get it right.

Government-based services become ossified and inflexible, while market-driven entrepreneurs reach out for new methods and innovative breakthroughs.

All over the western world, the government has been devolving functions to not-for-profits – but that's just government money being redeployed, not really a shift towards relying on market forces.

But is there a way to combine the advantages of both market discipline and not-for-profit virtue?

Perhaps. One of the ways that have been suggested is the Social Impact Bond (SIB), as a new UK report explains:

> *In a SIB, investment funding is obtained from private, non-government investors to provide upfront funding for the provision of interventions to improve social outcomes. If these programmes succeed in improving social outcomes, this could result in savings to government (which will not need to pay for services that otherwise would be used by individuals with poor social outcomes) and wider benefits to society. As part of a SIB, the government agrees to pay a proportion of these savings back to the investors. If the outcomes do not improve, investors lose their investment.*

If, for example, the government wants (taking an imaginary example) to reduce youth suicide, it calls for people who think they can reduce youth suicide to step forward.

Investors fund their idea. If their projects can reduce youth suicide by 1%, the government will pay the investors so many million dollars. If it reduces the figures by 2%, it pays them twice as much. If the figures don't drop, it doesn't pay them anything.

Not-for-profits are becoming used to payment by results, but until now that's meant payment for what they've done – so many training sessions, so many counselling calls – not for the outcomes they've overseen. However, because what the funders are interested in is outcomes rather than output, it seems sensible to measure

outcomes and to pay out on them as well.

That sounds simple, but in practice it turns out to be very difficult indeed.

How closely can one define the desired outcomes? How can you be sure that if the outcomes are (or aren't) achieved that this is in fact due to the not-for-profit that's being paid, rather than another community group doing great work just round the corner? How can you get investors to risk their money on an untried concept?

All real problems. But the promised efficiency gains are so tempting that a government body, UK Ministry of Justice, has gone and done it anyway – and assessed it (well, started to).

In a world first, the Ministry of Justice entered into a SIB mechanism for funding public services.

Social Finance 5, a financial intermediary, obtained approximately £5 million (A$7.6 million) of investment funding from private individuals and charities. This fund is being used to pay for interventions for offenders serving short prison sentences (less than 12 months) at HMP Peterborough.

As noted in the Ministry's report, **Lessons learned from the planning and early implementation of the Social Impact Bond at HMP Peterborough**:

> *If members of the Peterborough cohort are reconvicted less than offenders in the comparison group in the year following their release from prison, then the SIB will have entailed benefits for the Ministry of Justice and wider society, in the form of improved outcomes for the offenders and for their communities, which experience less crime. In addition, there will be benefit to the government which, in theory, will have saved money through reduced costs of policing, court cases, prison places, and so on. If the independent assessor calculates that reoffending has reduced by at least 10% for each cohort, or 7.5% overall, compared with a matched comparison group, the Ministry of Justice and the Big Lottery Fund have undertaken to pay a return on investment to investors for this improved outcome.*

The Ministry uses the term 'investors', but as the evaluation makes clear, there were very few commercial backers. Most of the money came from foundations, and was in part an alternative to making a grant to the project. The private sector has yet to be convinced that there's money in it. The real test of the financial power of the concept is yet to come.

There are other reservations. The evaluation found that while there might be a social benefit *generally* if the project was successful, there wasn't going to be a major cash saving to *any particular department* – and it was therefore going to be hard to work out who was going to pay for it.

The project wasn't going to find out which mode of intervention worked best – before, nobody had got help, and now they all got the same. Peterborough prison had been privatised, which caused further problems.

The work of getting agreement on appropriate outcome metrics was protracted, difficult, and expensive – who was going to cover that cost? What kind of tests of statistical significance are appropriate?

"There is a balance to be achieved between the robustness of the outcome measure and time, simplicity, resources and data availability," the report says.

Another objection that has been made to outcome measures is that they're easy to cherry-pick (see the discussion of Social Value enterprises in this issue). The design of the Peterborough project was specifically designed to reduce incentives to do this. Rather than the project being able to focus only on the members of the target group who are the easiest to help, outcomes are measured among **all** discharged offenders and not just those who get SIB-funded services. However, the problem hasn't been eliminated, as the report notes: "If the approach were rolled out nationally, there could be incentives to 'cherry-pick' by prison or area".

They're called 'bonds', but they're difficult to value and there's no secondary market for them – no Social Value Stock exchange.

These are real difficulties.

There are others which the report doesn't cover in enough depth; it talks, for example, of the difficulty of sorting out which funded agency actually made the difference (and should get the money) but it doesn't raise the larger and more unsettling possibility that any improvement in recidivism may be due to national (or international) world-historic forces and nothing at all to do with any of the interventions.

Nonetheless, it's good to see that someone somewhere is putting these ideas to the test, and assessing them, and reporting on them, and we'll be following the outcomes of the project with immense interest.

READ THE REPORT:
http://tinyurl.com/4xwu4gb

> "Most of the money came from foundations, and was in part an alternative to making a grant to the project."

An Australian-first research program aims to map giving to women and girls.

WOMEN CARRY HALF THE WORLD

Grantmaking to women and girls

JUST about everything in Australia is biased towards the interests of men, and it would be incredible if the philanthropic sector was any different.

In response, seasoned campaigners Jill Reichstein and Eve Mahlab have founded the Australian Women Donors Network (AWDN) to encourage people planning philanthropic initiatives to give some thought to the gender significance of their giving.

AWDN Chief executive Julia Keady **told** *The Australian* that traditionally, there had not been a gendered approach to how philanthropists give.

"More likely they've supported mainstream projects with a general focus like youth or homelessness or the arts," Ms Keady said.

"With this approach often lies the assumption that non-gendered or mainstream projects benefit women and men equally. How can they, when often the needs of men and women are fundamentally different?

"And, in more vulnerable settings, women and girls often lack the power or voice to be heard, so they fall through the gaps."

The AWDN **website** leaps straight into the ranks of the really useful by providing links to articles, podcasts, and videos on gender-conscious giving – "**Shaping the Future of the Women's Philanthropy Research Agenda**" by Dr Debra Mesch, or **In Her Gift: Women Philanthropists in Australian History**, by Dr Barbara Lemon, or **Accelerating Change for Women and Girls: The Role of Women's Funds**.

The organisation's main aim, though, is to act as a conduit between projects for women and the growing number of female philanthropists.

Organisations are invited to nominate projects – **Malthouse Theatre Female Directors in Residence**, say, or Gundha Mulla Aboriginal Women's Landcare Group's project on **Understanding the cultural and spiritual landscape through reconnection to traditional Women's Lore** – and AWDN puts them up on the website and hopes to attract sympathetic donors.

It's early days yet, but the Network's founders and helpers and staff are all experienced, unsentimental, and hypercompetent, and we can hope for great things.

"We need to give everyone permission to talk about gender again as a means of positive discrimination. This is not about supremacy or sexism – just plain old effectiveness, fairness and intelligence," Ms Keady says.

AWDN has recently launched a research program which aims to provide data on the current level of philanthropic investment in women and girls and the extent to which gender is recognised in mainstream grantmaking in Australia.

The organisation says no such data is currently available in Australia, though in the US, less than 8% of funding goes to programs that specifically target women and girls.

The first survey closed on June 30, with the program expected to be repeated periodically. ✖

FURTHER INFORMATION:
Contact AWDN by emailing **info@womendonors.org.au** or go to **www.womendonors.org.au/**

> "We need to give everyone permission to talk about gender again as a means of positive discrimination."

GETTING MONEY OUT THE DOOR:

Auditor gives pass-mark for stimulus spending

The Australian National Audit Office has given the Labor Government a passing grade for its 2009 stimulus programs.

The ANAO's recently issued a **report** on the $450 million given to Councils in 2009 to spend on infrastructure.

For the stimulus to have been effective, of course, the money had to be spent fast.

For money to be spent fast carries risks – after all, the proposal-judging processes that involved most of the delay were presumably put there for a reason.

"The advice to Government noted … the risk that as the grant amount increases, so do the risks of underspends, displacement of existing activity and poorly planned projects," the report says.

They weren't just heaving the money out the door, mind; there were precautions. A specialist assessor was charged with determining whether:

- the Councils' proposed budgets represented a fair and reasonable estimate of likely costs, accounting for factors such as the nature and extent of the works to be undertaken, current industry pricing trends and standards and cost variances associated with projects in rural and remote locations; and
- the Councils' proposed budgets were unrealistic, such that there was a possible risk of fraud or risk to the viability of the project.

The assessor's judgments were by and large borne out. The ANAO concluded that looking back at the total picture, program design was appropriate, and that more than 6000 projects had been approved. More than 71%cent of the approved projects had been completed, and a further 6% were under way.

The ANAO's main criticisms of the payouts were that councils were slower to spend the money than had been forecast, which meant that the injection of stimulus into the economy was delayed until it wasn't needed so badly.

In addition, a depressingly high proportion of the councils put in proposals that were initially incomplete or ineligible, leading to further delays as the Commonwealth public servants walked them back over the rules until they got it right.

Other grant program improvements introduced between the different funding rounds included

- a longer application period;
- a greater level of detail in the guidelines, and more FAQs;
- a 'How to apply' CD, which included 20 slides on the key issues and the level of detail required in the applications, along with requisite timelines;
- a dedicated 1800 InfoLine team to assist communication and clarification with councils.

If it works for Canberra, it may work for you.

The report recommends that the government improve its stimulus monitoring by having applicants for council grants include a profile of time-planned expenditure (and that's probably a good idea for all grantmakers for projects where time is of the essence).

That was only one program, but other reports have similarly found satisfactory outcomes for the home insulation program and the schools building program.

It's worth noting, too, that amidst an expenditure of billions nobody's been able to point to any actual corruption. There are some things about this country that we don't appreciate enough. ✖

A UK coalition supporting community and voluntary organisations has hit out at the use of contracts between the public service and sector groups, saying they are leading to the destruction of the voluntary sector.

Contracts 'damaging' voluntary sector

A SCATHING report from National Coalition for Independent Action (NCIA) – a group which advocates on behalf the voluntary and community sectors – has strongly condemned contracts (also called commissions) between the communities sector and the public service.

Voluntary Action Under Threat argues the increasing use of commissions represents a move to a form of privatisation of the sector, and that this "market-based approach" to service delivery can create problems.

THE MARKET DOESN'T SELECT THE BEST SERVICE

The NCIA contends that those commissioning the service delivery are predominantly interested in ensuring that delivery is low risk and low cost, are generally "don't talk to the people working in the field".

"Research by the Greater Manchester Centre for Voluntary Organisations found that: 'Commissioners do not have good awareness of the voluntary sector market'," the NCIA report says.

"If one bidder was cutting corners to save money to the point of being dangerous to people, it would not be the commissioner's job to pick up on it."

The NCIA argues that those commissioning the services must be willing and able to receive input from people who know the service area.

"If real input does happen, this can improve the system," it says.

"The report finds that where commissioning does occur based on an understanding of local needs, with costs calculated accurately so that the organisation delivering the service doesn't end up out of pocket, it is usually because this has been initiated by and fought for by local community and voluntary sector organisations."

PEOPLE GET WHAT THE GOVERNMENT SAYS THEY SHOULD, NOT WHAT THEY NEED

Another major problem with the commissioning model is that services are funded only if they fit the pre-determined priorities of those setting out the guidelines, the NCIA says. New or innovative work is too high risk for a market-based system, and is too hard to cost and evaluate.

The commissioning model funds projects over organisations, the NCIA says.

"While grants supported the principle behind an organisation's existence, sometimes providing core funding for office and staffing without specifying particular activities, commissioning is project-specific.

"The loss of support for the broader philosophy of an organisation can mean the loss of its ability to respond flexibly to changing local need."

PAYMENT BY RESULTS

The NCIA also criticises the strict monitoring of services for which groups have been commissioned, as well as the philosophy of "payment by results" or "payment upon service delivery".

"('Payment by results') doesn't allow for natural development. It discourages holistic or preventative services which have less clear or immediate outcomes," the report says.

"Long-term thinking and planning are impossible because contracts are short, with no guarantee of renewal, and government priorities and funding systems are always changing."

DAMAGE TO ORGANISATIONS AND THE PEOPLE WORKING IN THEM

Voluntary Action Under Threat says the commission model leads to corners being cut so that organisations can ensure their bids are as low as possible to maximise the chances of success.

"The quality of services and the conditions for employees suffer as organisations have to be as cheap as possible to win the tender," it says.

"In this way, charitable organisations delivering the government's work conspire in the government's undervaluing of their skills and the services they deliver. They give credence to the idea that if something is valued people will be prepared to do it for less or for nothing.

"The market can exploit this to reduce costs."

This leaves groups which offer employees good terms and conditions competing against other organisations – either community sector or private – which have reduced these entitlements to make their service cheaper.

A THREAT TO THE INDEPENDENCE OF CHARITIES AND COMMUNITY GROUPS

By becoming dependent on commissioned funding, groups can become worried about biting the hands that feeds – or funds – them, NCIA says.

"Charities and community organisations have traditionally filled in the gaps in areas where it is not appropriate for the state to provide services because of conflicts of interest, such as advice, advocacy and campaigning, or which need specialist or local knowledge, such as user involvement projects led by communities," the report says.

"A defining feature of voluntary sector organisations is their ability to act as an external point of pressure to hold the state and the market to account. The more they get drawn into delivering public services, and doing so in a way that involves business models, the less they will be able to question and comment on government policy and to act independently from it.

"Organisations don't want to campaign against cuts or commissioning for fear of jeopardising their relationship with local authorities, who they need to fund them."

BIG SOCIETY, BIG PROBLEMS

The NCIA report also criticises the UK Government's Big Society initiative, arguing that rather than empowering local governments and people, it in fact threatens to strip power from local communities, community-based organisations and not-for-profits.

The report is particularly critical of the plan to shift power from centralised government to local organisations and individuals.

The NCIA argues that localism, combined with planned cuts to sector funding, the emphasis on "payment by results" and the pressures put on groups by the commission model, make it less likely that local groups will run local services.

"In the absence of any genuine 'enabling and encouraging' of communities to take on services (in fact the reverse is happening as local charities and community provision are being decimated by cuts), it is the large corporate charities and the private sector which are taking on this role," the report says.

Similar complaints have been made by UK think tank the New Economics Foundation, which has expressed concern that private companies are tendering for commissions in direct competition with charities and community groups, which are finding it increasingly difficult to compete in the marketplace. ✖

CONTRACT CONCERNS

Among the NCIA's main concerns over the growing move to contracts are that:

- The most cost-efficient service, rather than the best service, is selected.
- Community sector groups can't compete against the corporate sector when bidding for commissions.
- Bidding organisations are forced to cut into already strained budgets in order to compete for commissions, risking permanent organisational damage.
- The government decides what services the community needs by funding only those that meet pre-determined priorities and guidelines.
- New and innovative work which doesn't mesh with government priorities is not funded.
- Community groups become more reliant on government contracts and can be cowed into silence if disagreeing with government policy.

FURTHER INFORMATION:

The full NCIA report can be read here: **http://tinyurl.com/42jh7rl**

TREND WATCH

Youth Inclusion Grants

"YOUTH INCLUSION" is one of those phrases that looks straightforward but in practice is interpreted in many different ways.

In the UK, for example, **Youth Inclusion Grants** are a strategy to deal with youth crime in deprived neighbourhoods. In Brazil, they're about trying to get dropouts **back into the educational system**.

In Australia, they're about "**a new initiative** encouraging rural and regional councils to include young people in decision-making" that "will provide opportunities for young people in rural and regional Victoria to better connect with their communities through participation in local government decision-making processes".

Under the Victorian scheme, which is being administered by the Department of Human Services, successful applicants would undertake to:

- develop frameworks and processes to engage with young people in decision-making within their local government (in consultation with young people and local government staff);
- support local government to implement the frameworks and processes and build capacity of staff to engage young people in decision-making;
- increase opportunities for young people to participate in decision making in local government business; and
- share experience and knowledge with other local governments and community organisations at facilitated events.

In an era where not-for-profit organisations of all kinds find great difficulty in replacing older volunteers as they retire it certainly seems like a good idea to try and attract young people into local governance.

(However, as the projects are required to involve consultation, training, and dissemination, all of which are expensive, the money available –$30,000 per grant, with about six grants handed out each year – doesn't really seem enough to attract the participation of many councils that weren't committed to something like this already.) ✖

Victorian News

Common funding agreement a "top priority"

THE VICTORIAN Government has cited as a top priority the development of a common funding agreement for use by all state departments who fund not-for-profits.

The initiative was tagged as one of a series of regulatory reforms designed to cut red tape for the sector.

Speaking at last month's Communities in Control Conference, Parliamentary Secretary for Regional and Rural Development Damian Drum re-affirmed the Ballieu Government's commitment to the project.

Former Premier John Brumby originally announced plans to develop a common funding agreement late last year, with Mr Drum's announcement confirming that the agreement remained on the agenda despite the change of government which came about after Victoria's 2010 state election.

The agreement would be used across all State Government departments when providing funding to not-for-profits and community organisations.

The community sector has long complained that a lack of consistency in funding agreements results in an expensive and unnecessary administrative burden which channels money away from service delivery and other core activities.

According to the government, other benefits of a common funding agreement include:

- A more streamlined funding process across government;
- Substantial cost savings for community organisations;
- Better utilisation of time and resources for both not-for-profits and the government; and
- Elimination of administrative duplication.

Mr Drum told the May conference that the government also remained committed to the development of an online whole-of-government portal for regulatory compliance.

"(The portal would be) a single online access for all Government information about regulatory requirements, where Victorian not-for-profit community organisations can access all regulatory information, licences and other important support materials," he said.

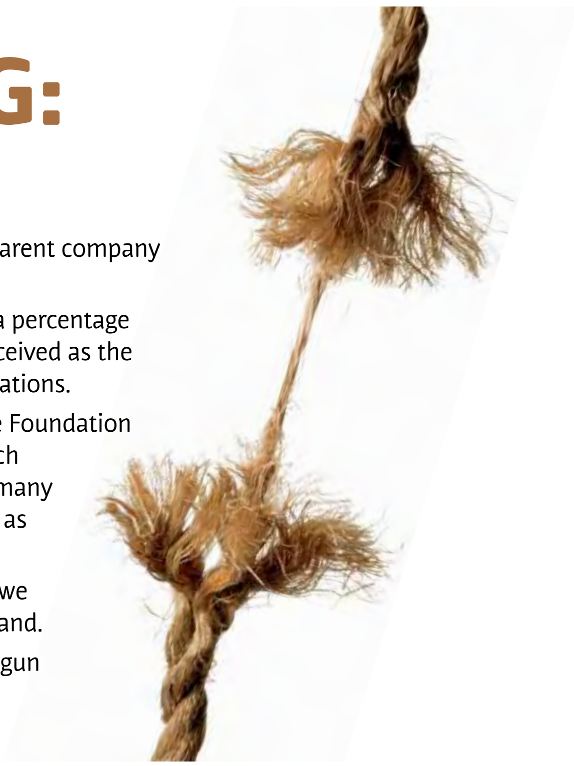
The projects are being funded through a $4.56 million allocation announced in the May State Budget.

FURTHER INFORMATION:
More information on the Victorian Government's efforts at cutting red tape for not-for-profits is available here: **http://tinyurl.com/6k8dmn5**.

RELATED ARTICLE: *Standard Chart of Accounts benefits quantified – p 4*

HAZARD WARNING:

Bank foundation tries to bite the hand



The Lloyds TSB Foundation for Scotland has failed in its bid to make its parent company and funder, Lloyds Banking Group, hand over more cash.

The Foundation took the bank to court, claiming it should have received a percentage of the bank's £1.0bn pre-tax profits, rather than the £38,000 it actually received as the minimum required under the terms of covenant between the two organisations.

"Lloyds Banking Group had tried to reach an amicable agreement with the Foundation similar to that reached with the other three Lloyds TSB Foundations, which would have allowed us to work together to benefit Scottish charities for many years to come," Civil Society Finance quoted a spokesperson for the bank as saying.

"It was frustrating that we were unable to reach that agreement, however we remain committed to being one of the biggest charitable funders in Scotland.

"The Bank of Scotland Foundation was launched last year and we have begun distributing grants to Scottish charities."

When grantmakers think about dissemination, they're generally talking about how grantseekers themselves can share the knowledge gained through a grant-funded program. That approach overlooks the crucial role grantmakers can play in sharing lessons, argues a UK thinktank.

SAUCE FOR THE GANDER

The funder's role in disseminating lessons

WHEN GRANTMAKERS look at dissemination and diffusion they're generally thinking of someone else doing it.

Specifically, they're thinking of having the organisations they fund put more work into getting what they've learned from their projects into the hands of people who can make use if the information.

Plans for dissemination and diffusion will be taken into account at the project selection stage, and reports and assessments will check on how much was achieved.

This is desirable and worthy. It may, however, be underestimating the contribution that can be made in all this by the funding agency.

UK thinktank New Philanthropy Capital (NPC) has now issued a report, **Foundations for Knowledge**, which looks at how funders share their knowledge.

The report contains a lot of useful information and many interesting case studies, but its main breakthrough is that it sets high expectations.

"Charitable funders are uniquely placed to test approaches, build expertise and share their knowledge with others," the report says. "Their ability to span boundaries, take a long-term view and create influence has enormous value."

For grantmakers, the report says, passing the knowledge on isn't an add-on; it's core business.

"Although the extent to which funders invest in this area will depend on their individual priorities and resources, learning is not an 'optional extra'.... Knowledge is essential to charitable funders.

"It helps them to understand social issues and how to tackle them, which initiatives to support, and how to fund effectively.

"By learning from their own work and that of peers, funders can make better decisions; by sharing what they know, they can create wider influence – ensuring that the best approaches are adopted by government, other funders and charities."

The task can't be avoided, and it can't really be delegated, either. Nobody else is qualified.

"Funders are uniquely placed to be repositories for knowledge and to share that knowledge with others," the NPC report says.

"Their independence, resources and long-term approach enables them to build expertise and share messages in a way that others cannot. At a time when financial resources are stretched, it is vital that they make the most of their 'intellectual assets' to increase their impact."

For many grantmakers, this will involve not only a shift of emphasis but a rethink of personnel needs.

It's not just a matter of getting the money out the door. Grantmakers are called upon to analyse and build on the flow of information.

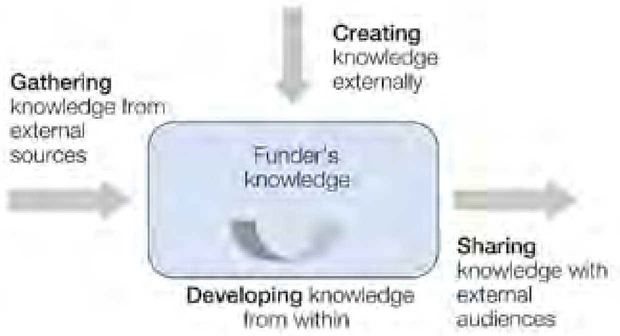
It's not simply an administrative job now, if it ever was. New skills may be called for; will you build capacity internally, or get new people in?

Oh, and new technologies, too:

"Many funders in the UK are currently reflecting on the role of learning and knowledge-sharing within their organisations," the NPC report says.

"A growing openness towards sharing information, the rise of web-based technologies, and an awareness of knowledge as an untapped resource have led many funders to rethink traditional priorities and approaches."

FIGURE 1: A MODEL FOR LEARNING AND KNOWLEDGE-SHARING



You need to share both the knowledge you know you have, and the knowledge that you may not realise you have – in the report's terms, 'explicit knowledge' and 'tacit knowledge'.

TABLE 1: EXAMPLES OF EXPLICIT AND TACIT KNOWLEDGE WITHIN FUNDERS

EXPLICIT KNOWLEDGE

- Grant applications that provide informationon issue areas
- Grantee progress reports
- Map of issue areas
- Research reports gathered from outside sources
- Programme evaluations
- Foundation-funded research
- Consultant reports
- Annual reports from funders and grantees
- Published articles by funder staff

TACIT KNOWLEDGE

- How to 'read between the lines' in a grant proposal narrative
- Strategies for encouraging grantees to share failures as well as successes
- How to nurture collaboration between other organisations
- A programme officer's accumulated knowledge of the history of efforts and organisations in the fields
- Vision of a field and the ability to assess synergies and gaps in programmes across many organisations

We're **told** that there's to be a proof-of-concept website showing off good practice.

The pilot website aims to share knowledge between funders, containing funder-specific search tools, a Q&A space, and a forum for topical issues.

They're still working on that, though (nobody ever said it was going to be easy). Among the reasons it's not going to be easy are the barriers to dissemination cited by the report.

- An 'activist' culture in the sector, which can view learning as a luxury.
- Weak incentives for learning and sharing knowledge.
- "A shared culture of diffidence among funders", which discourages openness about their activities and agendas.
- Under-developed and under-resourced systems for collecting and documenting learning.
- Pressure from stakeholders on organisations to provide 'good news stories' rather than to analyse or critique their own work rigorously.
- Poorly articulated 'demand' – charities and funders do not know who needs or wants the knowledge that they have amassed.

We'd all recognise those little hiccups. The report presents a number of recommendations to get around them, and gives examples (from UK charities) at every point to illustrate what's needed.

FIGURE 2: THINKING THROUGH YOUR APPROACH

The right questions to ask yourself, are:

A. What are my aims, approach and resources, and how do learning and knowledge-sharing fit with them?

B. What knowledge do I need and how can I obtain it?

C. How can I create a culture of learning? What knowledge do I have, and who else might find it useful?

D. How can I effectively share knowledge to advance my aims and benefit others?

To which, in practice, you would probably like to add

E. How can I fund and support this function within my budget?

The first discussion has to be at the top level. A commitment to knowledge-sharing has meaning only when the Board realises that this is not cost free, is not something that can just be added to current staff workloads, and involves hard choices.

Small funders aren't ruled out, even so.

"While funders with limited resources are less likely to see learning and knowledge-sharing as priorities, they should, at a minimum, be gathering information to understand what's going on in the areas that they fund," NPC says.

"As niche funders in an issue or region, they may also have specialist knowledge that will be useful to funders with much greater resources, and this can be a way of leveraging their own funding and creating wider influence."

If you want to go down that path, **Foundations for Knowledge** is essential.

It will have earned its keep, though, even if it simply drives your organisation to ask the right questions and to pull together its own strategy to answer them. ✖

TRENDS

Grantmaking and the Environment

THE AUSTRALIAN Environmental Grantmakers Network (AEGN) has released its latest research into who is making environmental grants, how much they're granting, and to what issues.

The AEGN first examined this topic in 2008 and repeated the survey in 2010.

The results of both surveys are available online at **www.aegn.org.au/home/member-grants/**

"While it is difficult to get a true estimate of how much philanthropic support is going toward the environment, it appears that the current level does not match the urgency of Australia's environmental decline," the 2010 report says.

The AEGN says that to address these urgent issues, environmental philanthropy must:

- grow substantially;
- get better at the craft of grantmaking; and
- build stronger relationships with the environmental community sector.

Mind you, every other not-for-profit sector would say the same thing about their own needs and demands, and it is the more precise figures – particularly in relation to the relatively new mode of grantmaking, private ancillary funds – that are really significant.

The AEGN points out that there were 769 private ancillary funds (PAFs), based on October 2010 ATO figures, comprising a total value of around $1.9 billion.

"In 2008 PAFs received $727.5 million in donations and distributed $129.5 million. Of this distribution, the environment sector received $13.9 million – 10.7% of total funding, compared to cultural organisations (7.4%), welfare (31.4%) and education (10.3%). This represents a significant increase to the environment – up from 5.6% in 2007."

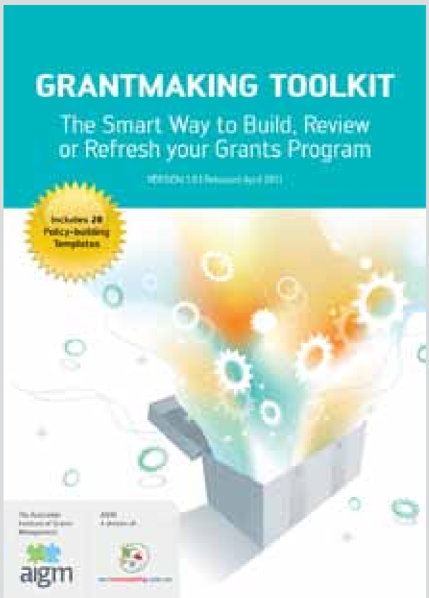
The report's main recommendations are that grantmakers give more money to the environment, alongside a helpful nudge for capacity-building.

"Giving away money so that it is used effectively and economically efficiently is not an easy job," the AEGN says.

"The craft of grantmaking must be developed through collaboration, experimental giving and building skills and knowledge."

The field needs more professionals and more professionalism, and the AEGN network is a step along the way. ✖

Key Tool for Australian Grantmakers



The AIGM's new Grantmaking Toolkit is an all-in-one decision-making framework, workbook and check-up tool designed especially for Australian grantmakers.

The toolkit is structured around the five pillars the AIGM believes support a well-designed program:

- Governance and Structure
- The Application Process
- Awarding Grants
- Managing Grants
- Review and Evaluation

Find out more at **www.grantsmanagement.com.au/toolkit**

A key not-for-profit and grantmaking research body wants to know who's giving what to Indigenous causes.

Funding for Indigenous Causes

Study aims to map leverage value of philanthropic grants

THE AUSTRALIAN Centre for Philanthropy and Nonprofit Studies (ACPNS) is inviting philanthropic groups – particularly those who offer grants to Indigenous organisations and initiatives – to have their say in a survey aimed at increasing understanding of philanthropy for Indigenous causes.

The survey – entitled *Does Money Talk Politics* – is part of ongoing ACPNS research into philanthropy for Indigenous causes.

The survey aims to examine the extent of financial leverage that philanthropic investment has on government funding distributions for Indigenous causes in Australia.

According to ACPNS, previous research has indicated a wide perception among grantmakers and philanthropic organisations that the sector plays an important change-agency role in addressing Indigenous disadvantage.

"Philanthropy is considered the innovator and the risk taker and success is often measured by the willingness of government to subsidise or completely fund projects begun by philanthropy," ACPNS says.

"The purpose of this research is to map the investment in Indigenous causes by philanthropy and to measure the leverage philanthropic investment has in procuring government funding."

"Uncovering the extent of financial leverage in a democracy more driven by budgetary considerations than at any time in history will provide powerful insight into the distribution of political power and the existing financial capacity of philanthropy to effect change in Indigenous wellbeing."

The questionnaire aims to address three primary questions:

1. What is the philanthropic grantmaking spend per cause/per geographic area/Indigenous person?
2. How often and under what circumstances do federal, state and local governments provide ongoing funding for philanthropically initiated projects?
3. What is the leverage value of philanthropic funding towards government funding on a project level, a cause area level, a jurisdictional level?

According to ACPNS, the survey may not directly benefit those completing it, beyond providing useful background information or helping identify gaps in reporting and monitoring systems.

The real benefits would be to Indigenous causes, as the survey would help identify the extent and distribution of funding available, as well as the potential impact of philanthropic funding in the public sector.

ACPNS senior research fellow Wendy Scaife said the survey's results would be made publicly available, with hopes the data will be displayed through an interactive mapping process.

The survey can be found here: **http://tinyurl.com/indigenousphilanthropy**. All philanthropic organisations, including those groups which do not fund Indigenous organisations or initiatives, are invited to respond.

The survey takes about an hour to complete – much shorter for groups who do not fund Indigenous organisations or initiatives. Responses will remain completely confidential.

FURTHER INFORMATION:

More information on the survey is available at **http://tinyurl.com/6zyu4eo**.

An initiative that aims to encourage grantmakers to give more to social causes would barely raise eyebrows in Australia. Not so in the US.

PHILANTHROPY'S PROMISE

US grantmaking initiative ruffles feathers

IN AMERICA, capitalism can be fiercely ideological.

Things that in this country would be greeted by bipartisan pieties and public indifference over there arouse vigorous and pointed debate.

In America, the National Centre for Responsive Philanthropy has announced a new initiative, which involves grantmakers committing to allocate at least 50% of their grant dollars to address the unique needs of the poor, elderly, disabled and other underserved populations.

Signatories to the "Philanthropy's Promise" – 60, so far – also pledge to allocate at least 25% of their grants towards supporting advocacy, community organising and civic engagement to address the root causes of social problems.

In Australia, an announcement like this might make the business pages on a slow news day. In America, it's a counter in a fierce continuing struggle between progressives and conservatives.

Philanthropy's Promise is the latest move in the NCRP's campaign to harness philanthropy for change, following such initiatives as its 2009 C**riteria for Philanthropy at Its Best: Benchmarks to Assess and Enhance Grantmaker Impact**, and the publications *Axis of Ideology: Conservative Foundations and Public Policy* and *Funding the Culture Wars: Philanthropy, Church and State.*

The NCRP's past projects irritated the *Wall Street Journal* to the point of editorialising;

"The committee is part of a rising tide of politicians and activists who are working to change the face of American philanthropy - and not for

the better," the *Journal* rails.

"Does any of this have anything to do with effective giving? The National Committee for Responsive Philanthropy begins its report with the premise that a grant maker 'best serves the public good by contributing to a strong participatory democracy that engages all communities.

"Really? What about the foundations founded to save whales or cure heart disease? Do they need to contribute to a participatory democracy?

"And who decides if a foundation is giving to a 'marginalized' community anyway? The idea, put forward in the report, that giving grants to 'large cultural or educational institutions' doesn't benefit minorities is offensive. Black people don't go to museums? Hispanics don't go to college?"

In particular, the *Wall Street Journal* speaks up for the right of the donor to do what he/she wants with his/her own.

> ... Which brings us to another one of NCRP's recommendations – that at least 25% of grant dollars be used for "advocacy, organising and civic engagement to promote equity, opportunity and justice in our society."
>
> This might be a worthy mission, but whose mission is it? Philanthropists give money to foundations with a particular cause in mind. And promoting "justice in our society" may not have anything to do with it. Indeed, foundations that redirect funding to match the NCRP criteria may have to violate donor intent in order to do so.

The same goes for diversity on the Board.

"The best way for a donor to make sure that his money is given for the purposes he wants is to choose people for his board who agree with him," the *Wall Street Journal* writes. "Whether these people are family members, co-religionists or old college buddies, what is important is that they share his philanthropic vision."

The right to do what the donor wants does have limits, of course; if a donor's intent is considered to be against public policy they're going to have problems.

This is true even if the gift was originally in line with public policy as it then was – if it was restricted to white protestant men, for example.

Still, the Wall Street Journal asks, if foundations are supposed to align their funding with public preferences, why don't they just give all their grants to the tax office?

"Indeed, if every foundation adhered to NCRP's recommendations, the world of philanthropy would look curiously monolithic. The diversity among foundations is not measurable by simplistic racial and gender head counts.

"What makes Americans give billions each year is not pressure from activists or government mandates. It is a diversity of interests, freely chosen and passionately pursued."

Other American organisations with an interest in the area tend to straddle the fence.

The Philanthropy Roundtable, for example, a national association of individual, corporate and foundation donors, says "Philanthropy's Promise" is consistent with a free society, but only as long as the initiative remains truly voluntary, and that donors and foundations remain free to give to worthy charitable objectives outside the "promise".

"Activist groups should be free to criticise donors' choices, and to seek to push philanthropic giving in a different direction, so long as they defend and respect the freedom of donors to make their own charitable decisions," the organisation says.

A number of foundations have signed up to Philanthropy's Promise, including the Robert Wood Johnson Foundation, one of the nation's biggest (and most progressive).

In total, the foundations agreeing to the pledge give out $2.5 billion a year – impressive, but nothing like a majority, or even a major blip in America's annual **$45 billion's worth** of Foundation money.

NCRP executive director Aaron Dorfman says that while most of the foundations who have signed the pledge were already directing their grantmaking to such causes, he hoped the initiative would help them "reflect on and think more strategically about their own work".

It's certainly a debate we could encourage over here. Should Australian grantmakers sign up to such a manifesto? What do you think?

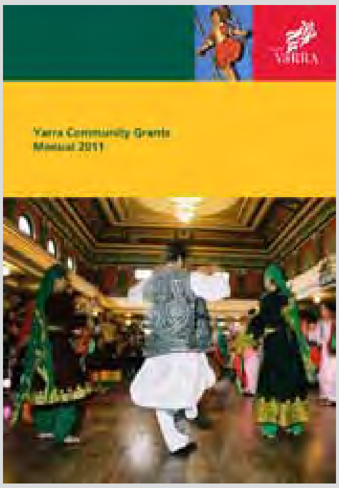
Send your comments to **service@grantsmanagement.com.au**

JUST OUT!

The City of Yarra has recently released a new Grants Manual.

The manual provides plain-English information about the council's community grants policy and strategic objectives, as well as the approach the council has taken to issues such as risk management, identification of trends. It also sets grants within the overall context of council objectives and the wider grantmaking environment.

To download the manual go to **www.yarracity.vic.gov.au/Services/Community-Planning/Community-grants/**



It can happen to the best of us. Three major Australian grants programs hit some significant stumbling blocks recently. Check that your own programs don't hit the same hurdles.

HAZARD WARNINGS

Federal grants programs stumble

SEVERAL key Federal Government flood relief grants programs reportedly fluffed the submission-open period during April.

The intention, presumably, was to give four weeks' notice – open on April 1, close on April 29.

Only that's not four weeks. There are three short weeks – involving Good Friday, Easter Monday, and the just-about-inevitable long-weekend Anzac Day Tuesday – to take into account.

Add to that the necessity to post the forms (no online applications or email submission option) and the four theoretical weeks were cut back to only two real weeks, meaning shires that were still mopping the water out of the photocopy room may well have missed out on vital money.

Usually this sort of issue would be noticeable only to those who wanted to apply for the grants. This one made it to Crikey's rumour file – see here: **http://www.crikey.com.au/2011/04/12/tips-and-rumours-439/**.

The Takeaway: At the very least, grant requirements should be drawn up in terms of business days. That could be drawn up as a government-wide rule, and it would really help.

DESPITE the rapturous popularity of the Apple's spinoff technology – the iPod, the iPad, the iPhone – only about 3-5% of desktop computers in Australia run on Apple operating systems. Still, when you're running a program that provides a large number of small grants, that's not a percentage you can really ignore.

The Volunteer Grants 2011 scheme, a FaHCSIA initiative, was obliged to inform Apple Mac users in June that they should call the hotline to confirm receipt of their application.

In other words, applications from people using Macs were expected to crash and burn in transit.

FaHCSIA may well say that it's not alone in this issue – the ATO has stalled a swelling chorus of complaints for eight years now about their e-Tax system only working with Windows – but it's still a real problem for a significant minority of applicants.

The Takeaway: If you're commissioning a new system for handling online applications, make sure it can handle forms submitted by people using all sorts of computers and platforms. If you're using a system that struggles with some platforms, don't just hope for the best – do as FAHCASIA has done: give applicants a clear indication that there may be a problem and let them know how to get around it.

REGIONAL Development Australia also hit some troubles during the latest round of its Regional Development Australia Fund.

A "newsflash" issued just hours before the (perhaps ominously chosen) closing time of 4.59pm on Friday May 13, acknowledged that some applicants were experiencing difficulties lodging applications.

The notice asked applicants who were having troubles to contact the Infoline or email their applications to a specified email address.

Applications with multiple attachments are believed to have been responsible for the slowdown, along with compatibility issues relating to the use of Internet Explorer.

The Takeaway: Does your grants system permit attachments? If so, can it handle applications with hundreds of attachments? If it can't (and probably even if it can), make sure you have a submission backup plan. RDA had a pretty good stab at ensuring its system difficulties did not impact on applicants' ability to lodge. The newsflash was a great idea (how's your email list?), the hotline and email-lodgement options were also useful backups. The RDA also provided clear instructions on how applicants could get around the IE compatibility problems.

See here:

http://www.regional.gov.au/regional/programs/rdaf.aspx

A new US report looks at what's involved in broadening the impact of your grants.

SCALING THE HEIGHTS

Replicating and growing results

ONE OF the first considerations in large-scale grantmaking is sustainability.

Will the intervention, whatever it is, be capable of surviving (if it gets this grant) long enough to make a difference?

Grantmakers don't want to throw good money after bad, or reinforce failure, or create black holes of funding that will keep sucking in more and more resources to no apparent purpose.

Once the grantmaker is convinced that the grantee can stand by themselves, though, the next question is scalability.

This grantee can do the job it's being funded for, yes. But it's small, local, and reliant on just a few charismatic leaders. Are its achievements capable of being replicated on a larger scale? And if they're not, is it really worth going on with something that can only have a limited effect? If you have to harvest the wheat crop blade by blade, you're going to be at it quite a while.

Scalability isn't an entirely straightforward concept, and so it's good to have some help. American support group **Grantmakers for Effective Organisations** is working on the issue, and has brought out an online briefing paper, *What Do We Mean by Scale?*

The simplest way to talk about scalability is asking whether the organisation you're funding will be able to grow to meet the demand without imploding under the strain, but there are other ways to look at it, as the GEO report points out:

> There are multiple definitions for and ways to think about "scale," including the expansion, replicatic and adaptation of programs to new areas or populations or the deepening of programs within an already-served area....
>
> Growing impact doesn't necessarily require organisational growth or the wholesale replication of programs – it may instead require expanding an idea or innovation, technology or skill, advocacy or policy change.
>
> As Jeff Bradach, managing partner and co-founder of Bridgespan, has put it, "The question now is 'How can we get 100x the impact with only a 2x change in the size of the organization?' With impact as its central focus, successful scaling begins with a clear sense of purpose and approach.

What you really want isn't an organisation that's big enough to deal with the problem.

"Most social issues dwarf even the most well-resourced, well-managed nonprofit," GEO says. "And so it is wrongheaded for nonprofit leaders simply to build their organizations. Instead, they must build capacity outside of their organizations. This requires them to focus on their mission, not their organization; on trust, not control; and on being a node, not a hub."

What you really want, after all, is for the problem to go away.

"Scaling often entails a mindshift — conceptualizing and working throughout an entire system either to improve existing solutions or to alter the social conditions that create and sustain a problem in the first place," the report says.

"[Researchers] describe the system a grantmaker seeks to influence as an 'ecosystem' of key external resources, beneficiaries and environmental conditions."

This creates further difficulties. For one thing, working through the ecosystem – enlisting other groups and other organisations – would tend to diffuse the individual contribution of the organisation you're funding. If Minnow makes a call to Whale and Whale sweeps away an obstruction, does Minnow deserve the credit?

And, of course, like most good things, effective scaling can demand more involvement and more resources from the funder. As the GEO report says:

> Grantmakers should be clear about whether they are "buyers," contributing to an organization's current operations in the absence of additional requirements or changes in its current business model — or "builders," investing equity to sustain, change or expand an organization and its work. Assistance beyond the grant cheque can be critical during scaling processes. [One funder] provides not only growth capital in the form of unrestricted, multiyear grants but also "strategic assistance" in the form of coaching, mentoring, guidance on board development and support for maintaining a focus on growth plans, milestones and more.

This has its own implications for scalability. The fundee may be able to grow to meet the challenge, but the grantmaker may not.

According to GEO, the first step, in any case, is doing exactly the thing that many grantmakers try to avoid – providing long-term support for general operating budgets.

Whether a grantmaker seeks to support scale or not, a robust organizational infrastructure and talented staff are essential to nonprofit success. Grantmakers and nonprofits agree that the practices most likely to influence this are providing general operating support, making multiyear commitments and cultivating supportive, respectful relationships. Yet research from GEO and others has shown that only 20 percent of grant dollars are for general support.....

These factors, added to the time-consuming requirements for applying for and reporting on funding, end up diminishing the overall value of the grant to nonprofits. As one observer has noted, "A vicious cycle is leaving nonprofits so hungry for decent infrastructure that they can barely function as organizations — let alone serve their beneficiaries."

When an already resource-strained nonprofit is struggling to attract and keep high-quality staff, it often simply cannot develop the externally-focused core capacities, such as alliance building and communications, that actually position it for growth.

Operating funding, of course, is a necessary but not sufficient condition for growth. There has to be an analysis of the grantee's capability for growth, and there has to be an agreement on the actual – funded – growth project.

There must be an agreement, too, that the project involves risk.

"The growth process is itself risky," GEO says, "requiring new skills and financial tools as well as patterns of change that are inherently, if temporarily, destabilizing and almost always unpredictable. "

And there must be instruments available that will be capable of deciding whether, after all this upheaval, impacts have grown, or will grow.

The paper recommends four steps:

1. **Clarify purpose:** Start with a clear sense of what is being scaled, why it is being scaled, where and how the process will work and what it should look like in the end.
2. **Define an approach:** Choose an area, such as: helping successful not-for-profit organisations and effective programs expand; spreading an idea or innovation; increasing the adoption rate of a proven tool or practice; or changing behavior through policy.
3. **Target activities that facilitate scaling:** Engage in building a strong base of operations, assessing readiness for growth, distinguishing growth from business as usual, helping grantees build their evidence base and helping grantees secure additional growth capital.
4. **Adopt practices that support grantee results:** Provide general operating support; make significant, multi-year commitments; and nurture respectful relationships.

The good news is that all those are good things for a grantmaker to do anyway, so you're not really taking on extra responsibilities. ✖

IN THE FAMILY

A new UK report offers a rare insight into the philanthropic activities of some of the country's wealthiest families.

Among the key findings from the New *Philanthropy Capital report, Family Philanthropy: Rewards and Challenges*, were:

- Families were significantly more motivated by giving back to the community and addressing needs than public recognition or social expectations.
- Most of the families were satisfied with their recent giving experience, but unfavourable aspects included "tortuous administration" and the fear of being "actively pursued by charities".
- A large majority involved the younger generation in their giving – 85% of respondents with children under 21 either discussed or actively involved their children.
- More than 90% of families were planning either all or some of their giving and the top drivers in selecting charities to support were the charity's vision and strategy and that the charity was focused on the greatest need.
- Families believed that it was difficult to find information about charities, particularly around the measurement of results.
- Almost 60% of families would find some kind of philanthropy advice useful, particularly around monitoring charities' performance – but many did not currently seek or receive this advice.

The full report is at **http://tiny.cc/nbvs6**

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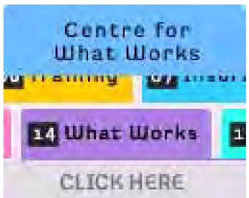

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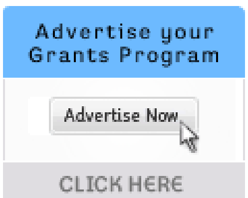

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