

The Rise of Participatory Grantmaking

The continued rise of participatory grantmaking in Australia mirrors its growing prominence around the world.

But which model is best for you? What does each involve? What do you need to remember? This issue of *Grants Management Intelligence (GMI)* looks at the options and opportunities that participatory grantmaking offers, and provides answers to frequently asked questions about each participatory grantmaking model.

Collective Giving & Giving Circles



What is it?

Collective giving, particularly through Giving Circles, has quickly captured the imagination of many Australian philanthropists and grantmakers. And with the success of the fledgling Impact100 groups across the country, collective giving is only going to grow further.

Originating in the US, collective giving is now a growing force for good in Australia. Collective giving sees a group of individuals (often 100, hence the Impact100 moniker) join together and pool relatively small amounts of money to create a larger pot of funding.

The small amounts of money might be only \$100; in Impact100 groups they often reach \$1000, meaning the overall funding pot totals \$100,000.

Giving Circle members play a keen role in deciding where the grants funding goes, taking it upon themselves to research potential grantees. In some forms of collective giving, prospective grantees pitch their projects in a live voting style event.

“Collective giving is a great way to make a big impact for a small outlay and a great way to meet and socialise with others interested in philanthropy.”

Key benefits

The creation of a large grants pool through the collection of smaller contributions means collective giving has massive potential to deliver “bang for your buck”.

Key drawbacks, dangers and obstacles

A drawback is the significant commitment of time and effort required, which might prevent some potential participants from taking part.

Therefore recruitment is a key challenge, as is working out the structure of the group (many Giving Circles are sub-funds of larger philanthropic bodies). Establishing such a grantmaking vehicle can take some time.

Who does it suit?

Giving Circles suit those with some knowledge of the grantmaking game (though newcomers also love the model) who can commit time, effort and passion to the task but don't necessarily have a lot of money to grant.

Why should I consider it?

It is a great way to make a big impact for a small outlay and a great way to meet and socialise with others interested in philanthropy. Giving Circles have been described as “a cross between a book club and an investment group”.

Who is doing it well?

Any of the Impact100 groups springing up around Australia – a good list is available here:

www.philanthropy.org.au/how-to-give/collective-giving

Stakeholder or Community Consultation



What is it?

More and more funders are making the effort to sit down and meaningfully discuss their grantmaking processes, funding and decision making with stakeholders, the public or community representations. They understand the importance of collaboration and consultation when it comes to ensuring that their grants hit the mark and make a real difference.

This type of consultation can occur in a number of ways – through forums, meetings (in person or online) and even the formation of joint committees and bodies. Stakeholder and community consultation provides grantmakers with meaningful input from the people they aim to assist.

This type of consultation can be especially important in very focused, place-based or topic-specific grantmaking.

At an event in Melbourne recently, the Vincent Fairfax Family Foundation (VFFF) shared its learnings from place-based grantmaking in New South Wales, saying community consultation and participation had been vital:

“I can't stress enough the importance of learning from those people who are already there [in the place you're looking to grant in],” foundation manager Emily Fuller said.

“The key benefit is the direct input received from those you are working with and the communities you are trying to benefit.”

Key benefits

The key benefit is the direct input you get from those you are working with and the communities you are trying to benefit.

Key drawbacks, dangers and obstacles

The time, effort and (sometimes) money required can be prohibitive – particularly for small grantmakers.

For this model to be successful, it's essential that you hear from a diverse range of participants and listen to a range of viewpoints rather than those of a small select group. Commitment from your participants is essential too. Wavering in community involvement can spell trouble for any prospect of a constructive participatory grantmaking effort.

Who does it suit?

Active community consultation suits grantmakers targeting communities – be they geographically defined or bound by interest area.

Why should I consider it?

If you are granting towards a “community,” participation and consultation from that community is just common sense. Worthwhile community participation will improve your grantmaking and your standing in the community and produce a greater bang for your grants buck.

Who is doing it well? The Vincent Fairfax Family Foundation's place-based grantmaking in New South Wales has seen the foundation step outside its comfort zone, and has involved extensive community consultation and participation. Read more about it here:

- www.ourcommunity.com.au/aigm/article/?id=5999
- www.vfff.org.au/Initiate-Strategic-Programs/Place-Based-Program.aspx

Consumer Advisory Councils and Committees



What is it?

Part of what is known as the consumer oversight movement, this model of participatory grantmaking was pioneered by the UK National Health Service some 15 years ago. Its use has since spread around the world, especially among grantmakers in the health and research sectors.

The model sees grantmakers draw on the experience of consumers – those who stand to benefit from the grants – to gain their insights and opinions as part of the decision making process.

Under these models, consumers are often asked to volunteer their time and effort and serve on an advisory council or a grantmaking committee. This group uses its expertise and experience to offer guidance and weigh up applications.

A related concept is for grantseekers to seek input from consumers in the drafting of their grant application and project development.

Key benefits

The biggest benefit is the injection of knowledge, expertise and understanding that community members on advisory bodies provide.

The involvement of consumers in grantseekers' applications and project development can lead to higher quality, more relevant and better targeted proposals.

Key drawbacks, dangers and obstacles

The biggest potential drawback is the difficulty of consistently finding a diverse and knowledgeable group of people with expertise to serve on advisory bodies or committees.

Recruiting the same people over and over is a major danger. Insufficient diversity in opinions, experiences or viewpoints on the committee can lead to a certain "sameness" in your grants.

"The biggest benefit is the injection of knowledge, expertise and understanding that community members on advisory bodies provide."

Who does it suit?

This type of participatory grantmaking suits organisations and sectors where some specialist knowledge of the field is beneficial – and where consumer, user and stakeholder viewpoints can be of use.

Why should I consider it?

It fosters a diversity of viewpoints, draws out expert opinions that grantmakers themselves might not be aware of, and brings alternative meaningful viewpoints to the table.

Who is doing it well?

The UK's National Health Service pioneered this type of input for its funding programs.

Locally, the [National Health and Medical Research Council \(NHMRC\)](#) provides a framework for this model. And Cancer Council NSW asks grant applicants how they have involved "relevant, informed consumers" in developing research proposals.

Contests and prizes



What is it?

Some funding allocations are run as competitions, with prizes on offer to entrants. Contests are sometimes seen as the domain of bigger grantmakers or corporate funders. They can go hand-in-hand with another method of participatory grantmaking – online voting (see page 8) – and offer funders the opportunity to promote themselves, raise their public profile and "give back" to the community.

Government agencies – especially those working in fields that foster innovation and technology – commonly offer funding in this way. These grantmakers stage contests as a way of stimulating thought, drawing attention to problems and aiding the development of solutions or breakthroughs.

Similarly, high profile grantmakers stage contests as a way of generating interest in (and funding) solutions to problems, be they technological, societal or environmental. [The Google Impact Challenge](#) is a good example.

Contests and prizes, in contrast to most grants programs, can be pitched to individuals as well as organisations. In this way they offer grantmakers access to a different pool of participants.

A 2014 US study titled [The Craft of Incentive Prize Design: Lessons from the Public Sector](#) found that prize givers sought to develop new and innovative ideas, build prototypes, inspire change or raise awareness.

Key benefits

Contests and prizes can attract strong involvement from groups or individuals who are knowledgeable in the area in which the prize is being offered, and from members of the public who vote on prize-winners or finalists.

Key drawbacks, dangers and obstacles

There is a perception in some quarters that competitions and prizes are less prestigious or less worthy than grants programs and grants. If you grant funding via contests, you should consider whether you need a marketing plan to “sell” your program to the wider public.

Because contests with prizes can involve both individuals and groups, funders need to decide if they are going to appeal to both audiences. If so, will they be judged separately given their differing levels of access to resources?

If your contest seeks innovation through actual invention, you need to be clear about details of ownership, copyright and intellectual property in your terms and conditions.

And if public voting is part of your decision-making process, you will need to guard against rorting, particularly vote-rigging (see page 8).

“Before you commit to running a contest, ask yourself what a contest can achieve that a regular grants round cannot. If you can’t come up with a reason, you should probably run a grants round instead.”

Who does it suit?

Because contests and prizes can be pitched to individuals as well as organisations, this method of participatory grantmaking is effective when you want to attract the widest possible field of applicants. It tends to appeal particularly to funders involved in technology and innovation, whether they’re government, corporate or private.

Before you commit, ask yourself what a contest can achieve that a regular grants round cannot. If you can’t come up with a reason, you should probably run a grants round instead.

Why should I consider it?

The contest model offers high visibility – the opportunity to be seen to be doing good – as well as the opportunity to actually do good. It can attract, or be pitched at, both organisations and individuals, opening up your funding to a wider range of potential recipients.

Who is doing it well?

Not all contests involve widespread public input. One such successful contest is the US Talent Dividend Prize, run by CEOs for Cities and the Kresge Foundation. The prize awards \$US1 million to the city that achieves the greatest increase in the number of post-secondary degrees granted per one thousand population in a four-year period.

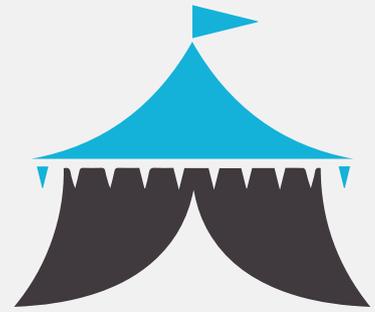
This and other programs are highlighted in *The Craft of Incentive Prize Design: Lessons from the Public Sector*. It is a really worthwhile read on the specifics of crafting an effective prize-based contest.

In Australia, Sunsuper’s *Dreams for a Better World* competition awards funds each month to a project voted online as the best by members of the public.

Grantmaker of the Year Award
2015 Nominations Open
www.aigm.com.au



Live Grantmaking



What is it?

Live grantmaking is real-time grantmaking at a major event. Funding decisions are made by people attending the event or following it online. Live grantmaking is a high-profile way to attract public participation in grantmaking.

Live grantmaking was showcased by prominent UK grantmaker the Big Lottery Fund Scotland at a national event in Glasgow in 2007 (see [here](#)).

Other Big Lottery Fund grants have involved the public via online or telephone voting following TV news programs (see [here](#)).

Few grantmakers are able to involve the public on such a large scale. However, the emergence of Giving Circles and Impact100 groups (see page 1) across Australia has seen live grantmaking come to the fore.

Many Impact100 groups work by staging major events at which shortlisted finalists pitch for grants. They then conduct a live vote on who should receive funding, or offer live pledges.

Key benefits

The novelty factor of live grantmaking is exciting for both applicants and funders. Live grantmaking can lend immediacy to your impact, and it can also connect, in a meaningful way, grantmakers with people, projects and communities they are considering funding.

Key drawbacks, dangers and obstacles

The key drawback is the sheer level of effort required to successfully stage such an event. And the model simply does not suit the needs of all funders.

For any organisation handing out funding on the basis of public opinion and voting, there is always a danger that worthy projects will be overlooked in favour of ones that are popular with the punters.

If you are uncomfortable with this possibility, consider establishing an expert panel or committee to decide on a shortlist of finalists before live voting.

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Who does it suit?

Live grantmaking is great for Giving Circles and Impact100 groups. In addition, any group with sufficient profile and resources could run a similar event

Why should I consider it?

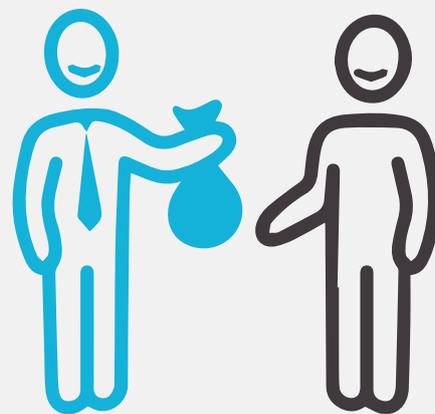
It offers immediacy, engagement with the public, supporters and grantseekers, and an excuse to get together for a social event.

And like a number of participatory grantmaking methods, live voting is very different from the norm and may produce some unexpected results.

Who is doing it well?

The UK's [Big Lottery Fund](#) has made impressive use of live events. For an insight into how Impact100 groups use live grantmaking, visit the sites of Impact100 groups listed here – www.philanthropy.org.au/how-to-give/collective-giving.

Corporate grantmaking with input from staff



What is it?

Corporate giving can take many forms, but to come under the umbrella of participatory grantmaking it needs to take the form of a grants process that engages staff and the wider population.

Many corporate organisations have long-established staff donation schemes to which staff can give. The money raised is then donated through the company.

And most of them embrace employee input on where those donations should go, either directly or via a shortlist of organisation or causes.

The burgeoning Pledge 1% movement (www.pledge1percent.org) urges start-up founders to give one percent of their equity, time, product – or all three – back to the community. Among its champions are [Atlassian](#), [Yelp](#), [Salesforce](#) and [Optimizely](#).

According to Pledge 1%, one way companies can do this is to establish their own grantmaking foundations through vehicles such as private ancillary funds or (in the US) donor-advised funds.

Corporate grantmaking occurs through these vehicles, and the participatory grantmaking comes via input from staff and their families on where the company should direct its grants, or which issues it should focus on.

“For workplaces, it is a way of granting to the community in which you operate, and to engage with your staff as well.”

Key benefits

The benefits are many – increased corporate involvement in the community, increased engagement with staff, increased standing and reputational enhancement. Benefits also include increased staff satisfaction and productivity, according to a University of Southampton study titled *Corporate Philanthropy and Productivity: Evidence from an Online Real Effort Experiment*.

Key drawbacks, dangers and obstacles

The main obstacle is the time and effort required to establish such a scheme. There is a real need for staff buy-in as well.

Who does it suit?

This method of participatory funding is best suited to larger corporate organisations, although smaller businesses might be able to make use of it too.

Why should I consider it?

For workplaces, it is a way of granting to the community in which you operate, and to engage with your staff as well. It can also do wonders for your organisation's standing in the community, providing positive publicity as well as the chance to make a meaningful difference.

Who is doing it well?

A great starting point is to visit the sites of those participating in the [Pledge 1%](#) movement, or the Pledge 1% site itself.

Online Voting



What is it?

Online voting is a great participatory grantmaking tool for funders who want to engage people from right across the spectrum of the public.

Through online voting, grantmakers can put forward projects or programs they feel are worthy of funding and then ask the public to have their say online – usually via a website but sometimes via email. Then people vote on who they think should receive funding.

Some grantmakers use online voting in conjunction with other measures to determine who receives grants. The most common method is to engage a panel of expert judges to decide on a shortlist of finalists for the public to vote on, or to adjudicate on the winners from a shortlist of finalists voted on by the public.

Online voting can also work hand-in-hand with grantmaking contests and prizes (see page 4).

Key benefits

Online voting is a great way to engage the public. This in turn can strengthen your brand, increase your visibility in the community and enhance public opinion of your organisation.

Key drawbacks, dangers and obstacles

Things can go spectacularly awry if your voting processes don't work, or if there is any hint of voting irregularities. It takes time and IT know-how to establish a proper online voting process. Grantmakers who don't have access to these should look elsewhere.

A voting process without integrity reflects badly on the grantmaker. It has the potential to damage their standing and that of the funding program they are running.

Any hint of a compromised voting process is dangerous. Rules on voting – who can vote, how often people can vote, etc – should be clearly spelled out and enforced.

And if you can't assure people that your voting processes can't be "gamed", forget it.

Who does it suit?

Organisations that have a healthy public profile and can easily call on the general public for support. Many corporate grantmakers and funders use online voting – it's highly visible, it attracts people to their website, it builds their brand and it engages people.

Why should I consider it? Online voting is a genuinely engaging way to grant. If it's done well, it provides the public with a real opportunity to make a thoughtful contribution, and to make their vote count.

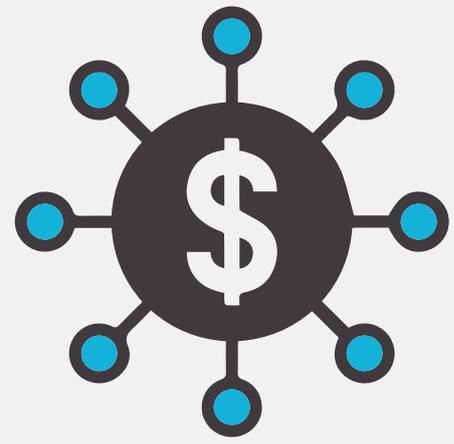
“Any hint of a compromised voting process is dangerous. Rules on voting – who can vote, how often people can vote, etc – should be clearly spelled out and enforced.”

Who is doing it well?

The [Google Impact Challenge](#) is a great example.

Another is Sunsuper's [Dreams for a Better World](#) program, which attracts thousands of votes each month. Sunsuper's Teifi Whatley spoke about the program at the 2014 Grantmaking in Australia Conference – view her presentation [here](#).

Crowdfunding



What is it?

Crowdfunding is a method of fundraising which involves the fundraiser asking for small amounts of money from large numbers of people, usually via a crowdfunding website such as [Pozible](#) or [Kickstarter](#).

Crowdfunding has quickly become the darling of fundraisers, its ability to tap into public support and quickly access money seeing it successfully raise significant amounts for an ever growing and diverse range of projects.

The way is open for grantmakers to draw on the technique too, either to top up funds granted via traditional methods, or by complementing or matching funding derived from crowdfunding.

The US leads the way in meshing grantmaking and crowdfunding. A number of US foundations and grantmakers have collaborated with crowdfunding platforms like Kickstarter to fund programs. For grantmakers, crowdfunding offers a way to tap into broader public support for certain projects.

Key benefits

Incorporating crowdfunding allows grantmakers to connect with more funding – the public has more money than grantmakers do. It can draw greater public support and build grant recipients' capacity by attracting volunteers and other resources.

Key drawbacks, dangers and obstacles

Some grantmakers simply aren't interested in crowdfunding, and some grants programs are not suited to it, so arguably the biggest obstacle is finding suitable programs on which to utilise the approach. A "bad fit" can cause more harm than good.

A danger is the temptation to use the success (or not) of a crowdfunding campaign as the sole arbiter of whether a project should also be funded by the grantmaker. Foregoing due diligence and peer oversight and funding a project because it is popular on a crowdfunding platform – no matter its worth or need – can cause real problems.

Who does it suit?

Crowdfunding is best suited to project and program areas in which the general public has a clear interest and useful knowledge or opinions to share. And despite some notable large-scale funding successes, crowdfunding is better suited to smaller scale initiatives.

Suggestions include arts and cultural projects, projects from new and emerging fields, grassroots community programs and projects, and areas where mainstream funders and governments are unwilling or unable to venture.

Scientists, too, are turning to crowdfunding in the face of intense competition for research grants, according to an [article](#) in *The Guardian*.

"For grantmakers, crowdfunding offers a way to tap into broader public support for certain projects."

Why should I consider it?

It increases public involvement in your organisation's grantmaking, and it can open the way for new or emerging organisations to access grants funding. It can also help stretch your grant dollars further, build your community (and online) profile, and deliver a greater impact for your funding.

Who is doing it well?

In the US, a joint effort between not-for-profit group Black Girls Code and crowdfunding platform Indiegogo met with significant success: www.philanthrogeek.com/crowdfunding/ultimate-matching-grant-grantmaker-joined-crowd.

Locally, Melbourne's Inner North Community Foundation worked with crowdfunding platform StartSomeGood to offer grants to groups that successfully raised funds via crowdfunding: www.innernorthfoundation.org.au/node/212.

Also, AIGM's parent company Our Community works in partnership with Pozible, as well as owning SmartyGrants. For grantmakers interested in this type of grantmaking, get in touch with Our Community and have a chat!

Crowdsourcing



What is it?

Crowdsourcing sees grantmakers and funders draw on the wisdom and efforts of the crowd to find projects to fund, to raise funds, to volunteer, or to develop solutions to problems.

In many cases, social media provide the platform, with “the crowd” gathering from all over the world to work towards a common goal.

Crowdsourcing differs from models where the public are asked to make decisions on what should be funded. Instead, crowdsourcing makes use of public participation in other ways – to come up with ideas, to raise funds, and to contribute knowledge, effort and skill sets.

Many grantmakers who use crowdsourcing still rely on expert panels, grants officers or other levels of oversight to make final decisions.

Key benefits

To a large extent, the quality of the crowd drives the success of crowdsourcing. Get a good bunch of people involved in contributing, floating ideas and providing possible solutions (and perhaps even funding) and crowdsourcing can be a great way to work.

To attract the “right crowd”, you might need to promote your organisation to increase your visibility. High-profile organisations – and those well known in their field – are best placed to attract a crowd which is large, knowledgeable and diverse.

Importantly, people need to have confidence in your organisation and its work in order to get involved – something else a positive public profile can help with.

Key drawbacks, dangers and obstacles

The key benefit of crowdsourcing – the reliance on the crowd – can also be its key drawback. A bad crowd – or one lacking inspiration or relevant knowledge – can see any forward momentum quickly grind to a halt. It is vital to attract to your effort people who are going to add something to it.

Who does it suit?

Crowdsourcing is best suited to collaborative projects that will benefit from input from outside your organisation.

There are pros and cons in using crowdsourcing where expert knowledge is needed. On the one hand, grantmakers may not gain anything from the crowd that they didn't already have. On the other hand, there might be knowledge in the crowd that the grantmaker didn't know existed, or that wouldn't have been apparent if the call for crowdsourcing hadn't gone out.

“Crowdsourcing differs from models where the public are asked to make decisions on what should be funded. Instead crowdsourcing makes use of public participation in other ways – to come up with ideas, to raise funds, and to contribute knowledge, effort and skill sets.”

Why should I consider it?

Crowdsourcing can provide perspective and fresh ideas from those “at the coalface”.

Who is doing it well?

The best-known crowdsourcing project is Wikipedia, an online knowledge base used by millions every day.

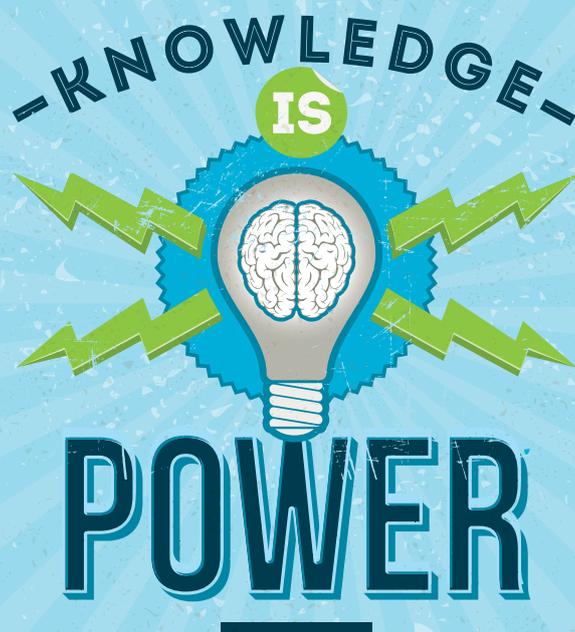
Even grantmakers themselves are being assessed via crowdsourcing – Philamplify, a website of the National Committee for Responsive Philanthropy (NCRP), sees expert assessors and the public join together to provide feedback to grantmakers on their work, and to grantmakers collectively.

The Case Foundation's Make It Your Own Awards, staged between 2007 and 2009, are often cited as an example of successful crowdsourcing. The awards saw the foundation source funding ideas and initiatives from the public, as well as engage the public in the program's design and decision making process. The awards were also one of the first grants programs decided by public voting.

Also in the US, the Knight Foundation's innovative funding and grantmaking efforts often involve an element of crowdsourcing. Check out some of its work here: www.knightfoundation.org.

Grantmaking in Australia Conference 2015

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Plus
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