# PUTTING PEOPLE FIRST

the transformational impact of small grants funds

# PREFACE

There is a growing awareness that the fight against climate change and the dramatic degradation of Earth's ecosystems need our urgent attention. In fact, systemic changes are required to effectively reverse these negative trends.
And while global agenda's and political commitments are crucial, it is mostly at the local level where words are turned into action.

Indeed, local communities and grassroots organisations are at the frontlines. Their success is our success. Their collective efforts on the ground will determine whether or not we can secure a sustainable future on a healthy planet. Their critical contributions need to be recognized and supported unequivocally.

Such support may take many forms. Our two organisations, DOB Ecology and Both ENDS, provide support in a variety of ways, from network building to training, from influencing decision-makers to sharing local stories, from funding and grants to scientific research, from technology development to legal advice.

Still, at the centre of all of this, is the character of the relationship we have with our local partners on the ground. A strong relationship – one that is based on equality, reciprocity and trust -- with the people and communities that organise their daily livelihoods around the world's ecosystems, is perhaps the most essential element of our roles as funder and global network partner. In our joint programmes in South-America and the Sahel, we continuously work to make this type of relationship with our partners a reality.

This shared vision also led us to look further into the role of communities and grassroots organisations in our grant-making systems. This study on community led funds, is the first result of our wish to learn more about the link between decision-making on the allocation of funds, on the one hand, and effectiveness of the programmes and responsiveness of our partners, on the other.

For us, the conclusions of the study offer evidence and new ideas to further innovate our vision on community-empowerment and funding. DOB Ecology and Both ENDS see it as our duty to continuously help to develop the toolbox of local communities and grass-root level organisations in the frontlines. A search for the most effective and inclusive system of grant-making is very much at the centre of that ambition.

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DOB Ecology

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# INDEX

# ACKNOWL-EDGMENTS





The tremendous input from the interviewees is the backbone of this study. A thorough understanding of the value of small grants funds lives in the minds of those involved and not solely on paper. The generous sharing of information and insights by the interviewees strongly support the analysis and write-up. Thank you!

We would like to commend Both ENDS and DOB Ecology for creating the opportunity to do this study and thank, in particular, Maas Goote (DOB Ecology), Danielle Hirsch, Tamara Mohr, Daan Robben and Paul Wolvekamp (Both ENDS) for providing information and literature, and for connecting us to many of the interviewees. We are also very grateful for their critical thinking and feedback throughout the project.

And thank you to Dawn Betteridge for the editing support.

**Karen Kraan**
**Anneke Wensing**
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# GLOSSARY

**Back donor**
A donor providing small grants funding or a programme in which small grants funding is a component.

**Civil society**
1) the aggregate of non-governmental organizations and institutions that manifest the interests and will of citizens, or
2) individuals and organizations in a society which are independent of the government.

**Community philanthropy**
Is based on the premise that all communities have their own assets (money, skills, knowledge, networks, etc.). When these are pooled together, they build community power and voice. Community philanthropy refers to building a community of local giving to deal with local issues.[1]

**Gatekeeping**
The process by which new groups or organizations are actively hindered from accessing funders by gatekeepers. These gatekeepers can be existing grantees who want to protect their income or influential experts that advise the donor who to fund.

**Global North/South**
Terms that denote the generic geographic, historical, economic, educational and political division between North and South. North America, Europe and developed parts of East Asia disproportionately control global resources.

**Grassroots group**
Uses the people in a given district, region or community as the basis for a political or economic movement. Grassroots movements and organizations use collective action at the local level to bring about change at the local, regional, national or international level.

**Impact**
Refers to positive effects of the grant, both internally (e.g. effects on the grantee) and externally (results on the ground). We define 'impact' as the longer-term outcome or wider-scale effect of the grant on the grantee/grantor/intermediary and meaningful changes that happened on the ground as a result of the grant.

**(I)NGO**
(International) non-governmental organization

**Intermediary**
An organization, often running a small grants fund locally, that not only disburses the funds, but also identifies groups for networking and capacity building.

**Participatory grantmaking**
Cedes decision-making power about funding, including the strategy and criteria behind those decisions, to the very communities that funders aim to serve.[2]

**SGF**
Small grants fund.

# EXECUTIVE SUMMARY

The purpose of the study is to provide insight into how small grants funds function and what they can achieve. It seeks to create a starting point for discussion and forward-looking strategizing about the role and value of small grants funds in contributing to environmental protection, women's rights, and social justice. This study aims to provide insight and answers in the following three areas:

1. The characteristics of small grants funds that enable them to effectively reach grassroots organizations, movements and activists;
2. The impact small grants have on the grantee, grantor or intermediary, as well as their impact on results on the ground;
3. The added value of small grants funds compared to other (mainstream) funding mechanisms.

## Definition and theory of change of small grants funds

The small grants funds (SGFs) explored in this study are defined as 'essentially involving needs-based and context-specific financing: flexible, accessible and suitable for grassroots; quickly available without too much bureaucracy'.

This definition stems from a more elaborate theory of change about development and justice that applies implicitly or explicitly to many, if not all, SGFs. SGFs are based on the central assumption that social and environmental injustice results from and is maintained through a system of vast and institutionalized power imbalances. These power imbalances can be redressed by strengthening disempowered groups so they can regain power and control over their own lives and simultaneously create space to challenge existing power structures.

Breaking these power systems is difficult, and handing over power to marginalized groups requires a cultural shift. Small grants are specifically designed to bring power to the disempowered. Small grants funds are part of a system-shifting paradigm in philanthropy, where more initiatives are starting to work through community-led or participatory grantmaking and enhancing community philanthropy. More so than other funding mechanisms, SGFs are aware that money can be divisive and hence often take measures to mitigate this risk. In this study, we test this theory of change and explore how the various elements and assumptions are operationalized by SGFs.

Given the vision regarding the role and relevance of SGFs for transformational change, this study confirms that, whereas the term 'small grants' seems to imply that the major feature of SGFs is the disbursement of small amounts of money, this is not the defining feature. Grant size is much less at the heart of the SGFs that are part of this study than the intention to shift decision-making power to the level of the recipient.

## Overall findings on success and impact

One key sign of success is when the grants reach grassroots groups and communities and those groups are able to use the grants for the work they choose to do (self-determination). SGFs are also successful when the groups gain capacity, self-esteem, recognition, decision-making power and/or engage in larger networks or movements. Many SGFs indicate that they actively invest in strengthening networks and capacity and in amplifying results at the local and national level by aggregating results, e.g. by creating platforms at regional and international levels. The literature indicates that SGFs have an impact – both on the organization, e.g. strengthening the grassroots group, and beyond, e.g. challenging power structures, improving livelihoods and restoring nature – as long as SGFs ensure flexibility, community involvement and have efficient application and disbursement processes. Evaluations show that small grants can give rise to environmental benefits and help improve livelihoods. Often, SGFs directly support community participation in key decision-making processes. Improved livelihoods, in turn, also allow for more inclusive and effective decision-making processes. SGFs achieve an impact at the local level, and, through combined action and aggregation, also influence regional and global processes.

# Characteristics of small grants funds

**Characteristic 1 Accessibility**
SGFs are able to reach grassroots groups that have little or no access to more traditional funding channels, e.g. groups that are not registered or groups with few resources and little capacity to manage funding. SGFs have lean application systems and quick turnaround times, which further improves accessibility.

**Characteristic 2 Shifting decision-making power**
The SGFs in this study are working to change power dynamics and shift decision-making power to the grassroots groups and communities that they support. To make this a reality, SGFs have direct contact with grantees and put grant management systems in place to ensure that grassroots groups and communities are able to decide for themselves how they spend the grant.

**Characteristic 3 Flexible and long-term support**
Flexibility and offering core, unrestricted support are a key characteristic of SGFs. Most SGFs strive to maintain a long-term funding relationship with grantees to ensure that groups achieve their highest potential and increase resilience. Meanwhile, SGFs also provide one-off grants and support a wide variety of often innovative initiatives.

**Characteristic 4 Risk and innovation**
The funding of SGFs is particularly suitable for risky and/or innovative projects and activities. The combination of the flexible nature of SGFs and the relatively small amounts involved is highly conducive to testing new approaches. The fact that decision-making is devolved to potential grant recipients also helps to open up new opportunities for tailor-made action. Once an approach has proven to be effective, an SGF or another donor can support further scale up activities.

**Characteristic 5 Strategic investments: money is one piece of the pie**
Supporting grassroots and community groups is effective, because the groups exist and function regardless of whether they are being funded. Community groups are born out of a community need, not out of a funding opportunity. They existed before and will continue to exist after the grant ends. SGFs also recognize and know from experience that grassroots and community groups require more than just funding, but also networking opportunities, linking and learning, and technical support. Thus, many SGFs play an active role in supporting (former) grantees in other ways than just providing funding.

**Characteristic 6 Building and operationalizing trust**
Building trusted relationships with grantees is key to the success of an SGF. A mutually trusting relationship is a prerequisite for grassroots groups to feel able to make their own decisions and have open discussions with the donor, and this trust builds up over time. SGFs invest in mutual trust-building and use various mechanisms to achieve this.

**Characteristic 7 Being aware that money is power**
SGFs are keenly aware of the fact that money, even in small amounts, creates power dynamics and can cause division. They take specific measures to mitigate this risk, e.g. by ensuring that the small grants funder has reach in the communities and is aware of red flags that signal community division, and by practicing high levels of accountability to their networks.

**Characteristic 8 A stepping stone**
AA small grant often is the first funding a community or group receives for work that they have been doing for years. A small grant can be a useful stepping stone for accessing other small grants and possibly larger grants in the future.

**Characteristic 9 A balanced grant size**
Many SGFs consciously assess the size of the grants they provide. If the grant is too large, it can be disruptive. If the grant is too small, it may not provide sufficient resources to have an impact. SGFs think carefully about balancing the size of the grants they provide – if not restricted by their back donors – and are often informed by local experts and advisors to ensure that the grants add value and do not cause division.

# Frequently asked questions about small grants funds

This study pays specific attention to three issues that funders all over the world are constantly grappling with; accountability, showing impact and transaction costs.

This study has identified three issues that are often brought up in relation to small grants funds.

**Challenge 1 Accountability**
Small grants are mostly disbursed to small, local grassroots groups that have not had (much) access to funding before, and the monitoring and evaluation systems are lean. This often leads to concerns about accountability. Notably, this study concludes that the reporting response rate to SGFs by their grantees is very high and 'authentic', indicating that grant recipients feel responsible for the funding they receive.

Flexibility and shifting decision-making power to the grantee can easily be misinterpreted as non-accountability, whereas it is in fact a strategy to empower groups to be truly accountable.





Typically, small grants funds invest significantly in implementing mutual accountability systems; their Theory of Change is based on the premise that by only assuring vertical accountability towards the donor, they would miss important opportunities to build community and equal partnerships between donor and grant recipients. Thus, according to most SGFs, accountability should go both ways: grantees towards donors and donors towards grantees.

**Challenge 2 Showing impact**
Those unfamiliar with small grants funds often want to better understand the impact of SGFs. The small size of the grants, as well as their wide disbursement, can easily generate the impression that small grants are scattered and that measuring the local impact is therefore difficult, if not impossible. Impact measurement at the regional or global levels seems to be an even greater challenge.

SGFs themselves, meanwhile, are gaining experience in measuring impact at the local and national levels, taking advantage of the concrete nature of the work, the proximity of the SGF to the ground and the bottom-up decision-making, and the trusted relationship between SGFs and grantees that fosters open communication.

It can be a challenge to aggregate impact value internationally. It is wise to make a realistic and feasible impact forecast, for example by identifying the value of being a crucial stepping stone. Impact should be redefined as something useful and feasible in general, but certainly for small grants funds. Indeed, the meaning of the impact should focus on its value for the community rather than on largely unrealistic and unachievable quantitative goals.

**Challenge 3 Transaction costs**
In this study, we have defined transaction costs as all costs that are not directly spent on grant recipients, e.g. on salaries and administrative activities related to selecting, disbursing and monitoring grants. Those interested in small grants funds expect transaction costs to be high, given the fact that grant amounts are small. They may therefore assume that the investment is less worthwhile or manageable than a larger grant.

Even though definitions of transaction costs may differ significantly, this study has not found any evidence to suggest that transaction costs are higher when SGFs are involved. Based on conversations with a range of actors in the funding community, this study concludes that small grants funds are often efficient and have little overhead.

## Measuring progress and impact

Measuring progress and impact is important, but taking progress and impact indicators from larger funding mechanisms may result in inaccuracies and make SGFs seem to underperform, while overlooking the true impact.

SGFs measure progress at the level of the SGF and at the level of the grantees. At the level of the fund, SGFs often track the number of grants that are given to these groups, which is an indication of accessibility and of the strength of the network SGFs have in regions and countries. They can also track the rate at which networks are being built and strengthened, as well as how effective they are in ensuring flexibility and shifting decision-making power to the grassroots. Using indicators that look at these types of elements may make it easier to measure the essence of what small grants funds are trying to achieve. At the level of the grantees, SGFs look at whether groups are successfully enhancing the space and power to engage in constructive dialogue and improve the recognition and protection of rights. Most SGFs use the combined (qualitative) information they receive from individual grantees and advisors/experts on the ground to build a bigger narrative around increasing space and power. In the area of environmental justice and protection, it is also possible to look at quantitative indicators measuring impact, such as tree coverage and nature restoration. Again, within the setting of SGFs, it is wise to identify 'unusual suspect' indicators and include indicators that are meaningful in demonstrating accountability to the community.

## Back donor considerations

The most convincing reasons for back donors to support SGFs can be summarized as follows:

**Consideration 1 Better outcomes**
Larger donors invest in SGFs because they believe that working through SGFs is more effective than working through the usual large national and international NGOs. They believe that grassroots communities are best positioned to understand their own issues and find their own solutions, and that SGFs are best positioned to achieve this.

**Consideration 2 A shared value base**
The reason for funding SGFs is also rooted in shared values regarding power and change. SGF back donors believe in taking calculated risks, being flexible and giving based on trust. Their focus is more on building movements than on output and outcome.

Finally, in small grants funds, the relationship between funder and grantee seems to be more equal than in larger grant mechanisms. Small grants funds are often run by people embedded in the movement, and the small amounts also reduce the power imbalance between grantor and grantee. Grantees are often movement leaders with agency, legitimacy and credibility. This also helps to create a relationship on equal footing between grantor and grantee.

**Consideration 3 Reach**
Another reason to fund SGFs is that donors want to reach groups they cannot fund themselves. Many donors have difficulty directly reaching communities, particularly remote and marginalized ones.

**Consideration 4 Shrinking space for civil society**
SGFs are suitable for and can play a vital role in supporting civil society in regions where there is shrinking space for civil society. SGFs are well positioned to resource networking and convening to create spaces of exchange and mutual support between activists, as a strategy to counteract the fragmentation of civil society. In some contexts, SGFs may become the only way to continue supporting local groups unnoticed and continue accessing local civil society.

**Consideration 5 Success can be effectively communicated**
SGFs have the opportunity to highlight success stories that can convince donors to either start or continue to support SGFs and to get longer-term support. It is not just about individual narratives, but it is also important to communicate a more profound narrative of change related to small grants funds.





# Other reflections

The study has identified four additional considerations which, though slightly outside the scope of the work, are nonetheless valuable to note as ‘food for thought’.

**Reflection 1 Rapid response**
The issue of rapid response has come up in the literature review and in the interviews. Rapid response is a need to release money quickly (faster than regular small grants), in case of an emergency or a sudden opportunity. Given the increased pressure on civil society groups that actively engage in policy processes, as a result of shrinking civic space in many countries, the tactical relevance of this type of mechanism is increasing. Indeed, it provides protection and continuity in civic engagement in these processes.

**Reflection 2 Strategic communication**
It seems that small grants funds could improve the way they express their valuable role in providing the world with ‘what it needs right now’ and their ability to bring about the necessary change. Often the perception is that small grants funds are a drop in the ocean and work in silos, whereas they are actually capable of making big waves together. There is an opportunity to embed small grants in a narrative for a systematic shift to devolve power closer the ground.

**Reflection 3 Terminology**
We present two ideas for reframing key concepts. The first is that the word ‘small’ in ‘small grant’ can be distracting and confusing as it does not cover the essence of SGFs. SGFs are usually not about grant size but about a different way of working. A more appropriate term would be ‘community-led grants’, which emphasizes the role of the community rather than the grant (size). In similar fashion, the word intermediary, a term often used to refer to small grants funders, often suggests technocratic and unnecessary gatekeeping between the money and the recipient.

**Reflection 4 Cross-movement building**
Many of the SGFs included in this study recognize that all struggles against oppression are connected and that achieving social and environmental justice depends on connecting different movements. The closer you work to the ground, the less people tend to compartmentalize themselves into separate identity boxes; separating movements and concepts is something that is more likely to be happening in 'boardrooms' than in the streets. People have multiple layers that make up their identities and realities, and small grants funds can be the bridge between movements without emphasizing conceptual differences. Working on the crossroads of movements often happens organically, and SGFs are particularly well positioned to support cross-movement building as part of their flexible approach. Women's rights funds particularly have had an intersectional view for a long time, and have included community-based engagement and movement building as an important prerequisite for change. This can be inspiring for other movements, e.g. in environmental justice and climate change.

# Conclusions

Small grants funds contribute significantly to development, equality and environmental justice. The fact that SGFs work with small grants is more a strategic choice than a necessity, e.g. because they do not have a lot of resources to provide. SGFs are built on a thorough theoretical framework and vision for change. They make a strong attempt to ensure that the values and theories that underpin their work are being reflected in all aspects of the grantmaking. When SGFs talk about shifting decision-making power to the grassroots and working from a basis of trust, they actively put systems in place to try to ensure this: SGFs walk the talk.

SGFs are strategic investors that provide pockets of small investments across a wide range of actors and regions, based on what is needed. Through these investments, small grants support a wider movement of change, instead of just individual groups.

SGFs have a wide range of characteristics to ensure that they reach the grassroots organizations, movements and activists that they aim to support. Based on our study, we are confident that SGFs are indeed able to effectively reach the groups they want to reach.

Although the study indicates that showing the impact of small grants can be complicated, there is also ample evidence that small grants are indeed able to make an impact. The study also shows that SGFs may require a different definition of impact that is better suited to the objectives of SGFs, e.g. increased confidence or ability to acquire other funding.

The key added value of SGFs compared to other funding mechanisms is the SGFs' ability to reach those groups that mainstream funders usually cannot reach. SGFs are an indispensable part of the global system of funding for development, justice and equality. They acknowledge the value of local organizing and allow grassroots and community groups to take up their essential role in building resilient and independent movements and communities.

# CHAPTER 1

# INTRODUCTION

This study was commissioned by Both ENDS and DOB Ecology and aims to increase their knowledge and understanding of the characteristics and impact of small grants funds and recent developments in thinking about this kind of funds. In particular it explores their role in strengthening environmental protection in an effective, participatory and socially just fashion.[3]

The study focuses primarily, but not exclusively, on SGFs in the areas of gender, women's rights and/or environmental justice. These focal areas were selected because they are priorities for Both ENDS and exemplify the SGFs that Both ENDS works with.

The purpose of the study and this report is to provide insight into how SGFs function and what they can achieve. It seeks to create a starting point for continuing in-depth discussion and advance thinking about the role and value of SGFs in contributing to gender equality, environmental protection and development. In particular, it is a useful document for potential donors of SGFs, who can use it to shape their understanding and decision-making regarding (supporting) SGFs. Intermediary organizations, NGOs and small grants funds will also benefit from the analysis. This study is conducted in the context of a growing global movement to strengthen community-led development and shift power to communities. We aim to write down the findings in such a way that they are clear, concise and useful for various types of (external) communication, specifically to audiences that are not so familiar with SGFs, their characteristics and specific value.

### Research process

The study was conducted over a period of four months (March – July 2019) by Karen Kraan and Anneke Wensing, and consisted of a combination of literature review and interviews with experts. Although we refer to this work as a 'study', we would like to note that it is not academic research, but a qualitative review and analysis of existing knowledge, perspectives and developments. The conclusions we draw are open for debate and we welcome alternative visions that may enrich the findings.

### Objectives[4]



In this study, we explore:

- The characteristics of SGFs that enable them to effectively reach grassroots organizations, movements and activists;
- The impact[5] small grants have on the grantee, grantor or intermediary, as well as their impact on results on the ground; and
- The added value of SGFs compared to other (mainstream) funding mechanisms.

### Methodology

For this study we took a mixed method approach to gather information and different perspectives and opinions. We started with a review of suggested literature by Both ENDS. Throughout the research process, we added additional literature to the list, based on references in the initial literature, our own expertise and suggestions by interviewees. A bibliography is provided in annex 1.

At the same time, we conducted a limited online inventory of existing SGFs to determine common and distinct characteristics (see annex 4). We selected a number of SGFs, in similar or related sectors, based on recommendations by Both ENDS and our own knowledge of and expertise with SGFs, to identify similarities and differences regarding criteria for funding and grantmaking processes.

Based on the literature review and the online inventory, we drafted a short report with initial findings and knowledge gaps, which we discussed with Both ENDS and DOB Ecology for further input and ideas. This discussion was used to develop an interview guide (annex 2) and a list of experts to interview (annex 3). We selected and approached interviewees in four categories: small grants funds, grantees, back donors to small grants funds and other (larger) funding mechanisms.

The aim of the interviews was to check our initial findings and fill knowledge gaps to get a more complete picture of the characteristics, impact and added value of SGFs. The people we spoke to represented different categories of experts: small grants funds, grantees, back donors of SGFs

and representatives of other larger funding mechanisms. We conducted interviews with 36 people, representing 30 organizations.

The distribution across the categories is as follows:

| | | |
|---|---|---|
| Small grants funds | 15 funds | 21 respondents |
| Grantees | 7 organizations | 7 respondents |
| Back donors | 5 donors | 5 respondents |
| Other funding mechanisms | 3 donors | 3 respondents |

Interviews were conducted mostly through Skype, Zoom or phone with a few in-person meetings and written interviews. For each interview, we made a written report, which was used to write this document. We distilled themes from the interviews, which are described in the report and presented in (anonymous) quotes.[6]

**Limitations**

There are limitations to this study which we would like to mention here.

The first limitation is representativity. The literature we reviewed and the people we spoke to all recognize the benefits of small grants funding mechanisms. They are aware and vocal about perceived challenges and limitations, but the interviewees are supporters of small grants funds. We are keen for the report to be more widely read and look forward to be challenged when it comes to the findings and conclusions of the report. This report is meant to provoke debate, to gather new insights and to validate the results of the study.

Moreover, the number of people we talked to is not a representative sample of everyone involved in small grants funds, which was also not the aim. We selected interviewees based on referrals by Both ENDS as well as 'snowball sampling'.[7] This has made it possible to reach a significant number of interviewees in the limited time available, but we are well aware of potential bias, possibly at various levels, e.g. geographically, type of organization, profile of interviewee, substantive focus on the small grants fund, etc.

A second limitation is that our findings are almost entirely based on qualitative data. There is a shortage of quantitative data in this field, and a lack of studies where baseline data can be compared to end-line data, which would enable us to show the kind of impact small grants (funds) make. We had already incorporated this notion in our definition of the impact we observed in this study, but this is an important point to reiterate. Qualitative data are very useful, and valid, but substantiating these with quantitative data would have been optimal.

A third limitation is language. We gathered the vast majority of the data from English resources, both written and oral, and a small number of written interviews in Spanish. Although much of the relevant information is therefore in English, due to language limitations and time constraints we have not been able to add resources in other languages.

**This report**

In chapter 2, we provide a definition and describe a theoretical framework for small grants funds. In chapters 3, 4 and 5, we present the findings regarding success, impact, characteristics and (perceived) challenges of small grants funds. In chapter 6, we focus on measuring the progress and impact of small grants funds. Chapter 7 outlines the considerations back donors of small grants funds have to take into account when funding SGFs. In chapter 8, we summarize the added value of small grants funds compared to other funding mechanisms. We have also encountered a number of 'other considerations, noteworthy topics that are slightly outside the scope of this study's objectives, but which we consider relevant 'food for thought'. They are: 'rapid response funding', 'strategic communication', 'reframing key concepts', and 'funding on the nexus of movements.' These four considerations are briefly described in chapter 9.
We finish the report with conclusions in chapter 10.

CHAPTER 2

# DEFINITION AND THEORY OF CHANGE OF SMALL GRANTS FUNDS

> “Poverty is not just a lack of money; it is not having the capability to realize one’s full potential as a human being.”
>
> Amartya Sen

This chapter presents a definition of small grants funds, the theory of change underpinning them and how they fit into a larger paradigm of systems change.

The small grants funds that we explore in this study are defined as: 'essentially involving needs-based and context-specific financing: flexible, accessible and suitable for grassroots; quickly available without too much bureaucracy. It thus needs to be emphasized that whereas the term "small grants" seems to imply that the main feature of SGFs is that they disburse relatively small amounts of money, their most important characteristic, in fact, is that the very mandate of decision-making about grant allocation aims to shift such decisions as close as possible to the grassroots level.'[8] In other words, an SGF operates at the local or regional level and has the necessary structures in place to ensure that the decisions about how funding is used are made by the recipients of the grants. Recipients can be local NGOs, (unregistered) grassroots and community groups, as well as individuals. Small grants aim to promote community-led development by enabling communities to take charge of their own destiny, and are not suitable for other development programmes, e.g. strengthening the infrastructure of a specific sector. We have not and will not define the amount that constitutes a small grant. They vary greatly, from approximately USD 500 to USD 80,000,[9] with the majority under USD 10,000. Size may matter conceptually, but not in terms of the exact amount, as we will discuss later.

Small grants funds are built on a theory of change (ToC) about development and justice. SGFs are based on the central assumption that social and environmental injustice results from and is maintained through a system of vast and institutionalized power imbalances. Power holders systematically and structurally repress non-power holders in order to maintain and increase power. This is not always a conscious or intentional process, but tends to happen when power imbalances are not consciously addressed. Power imbalances can be redressed by strengthening disempowered groups to regain power and control over their own lives and simultaneously educating 'power holders' about their role and influence. However, due to a lack of power, disempowered groups often do not have the required systems and structures in place to access the resources that 'power holders' can access. Moreover, 'power holders' are often unwilling or unable to look at their own power and privileges objectively and make space for the disempowered. So despite the good intentions, the global funding system, managed by people in power, benefits the power holders and actually helps to further marginalize the disempowered.

In this mechanism, a lack of power leads to a vicious cycle of ever-decreasing power. And once people or groups are in a position of power, it becomes easier for them to increase their power. A radically different approach is required to create an enabling environment that would allow the disempowered to demand and protect their fundamental rights and create a more equal and sustainable world.

Small grants are specifically designed to be accessible and accountable to grassroots and community groups, i.e. the disempowered, that can break the existing power structures and achieve social and environmental justice. Think, for example, of frontline communities or small NGOs fighting for environmental protection or grassroots women's groups fighting for equality and social justice. Small grants focus on funding activities that are designed by the grant recipients themselves and can respond flexibly to changing circumstances. This intention to hand over control to groups that are structurally oppressed is already empowering in and of itself. SGFs do not require heavy monitoring and due diligence systems but instead are based on trust, which is a prerequisite for effective action.

At the same time, SGFs are aware of how money will change (power) dynamics within communities and how donor grants can severely disrupt the healthy functioning of community structures. Therefore, before giving money SGFs often invest in gaining insight in the people, groups and power structures in the communities in question, and they put systems in place to try to ensure that the (small) grants are supportive in the long term instead of disruptive.

Another assumption in the theory of change underpinning SGFs is that funding grassroots groups is effective because it leads to the following:[10]

1. Better outcomes: When people designing and leading a project are intimately familiar with the social structures at work, their plan will be better tailored and more effective;
2. Sustainability: Grassroots organizers have personal and permanent connections to the communities they represent, so they are more motivated to commit to outcomes that last;
3. Lower costs: Giving control to grassroots organizations immediately eliminates the high costs of travel and accommodation, for example, so often incurred by larger NGOs;
4. Self-sufficient communities: With grassroots grants, community members benefit from the process as well as the outcomes. Project leaders learn new skills, identify the larger problems affecting their neighbourhoods, and create change that they choose and believe in.

In this study, we test this theory of change and explore how the various elements and assumptions are operationalized by SGFs.

## Small grants funds are part of a system-shifting paradigm

The global philanthropic community is constantly reinventing itself to increase effectiveness and ensure that grants are reaching the communities they intend to serve. Small grants funds are part of a system-shifting paradigm in funding, where more initiatives turn to community-led or participatory grantmaking and try to enhance community philanthropy. An increasing number of funders believe that (small) grants cannot be effective by themselves, but should be embedded strategically in a more comprehensive systems-change theory. In this system shift, small grants funders are leading the way. Instead of focusing solely on grantmaking, SGFs invest strategically in clusters of work and enhance networking, exchange and building long-term relationships in order to leverage a more meaningful outcome where 'money is often the hook, but not the whole story'.

A system-shifting paradigm that aims to redress long-standing power dynamics also requires funders to explore their own power and think about how they can introduce more equality in their work practices. Moving from top-down grantmaking to bottom-up grantmaking is a process and cultural shift that requires dedication an d trust-building.

> "As a grantmaker, you cannot truly strive for and advance equity until you understand your own power and privilege in society and in relation to your grantees – National Committee for Responsive Philanthropy."

Another element of the system-shifting paradigm is related to the increasingly shrinking (political) space for civil society. Small grants funds are also interesting in light of this development. In many countries around the world, civil society is being increasingly repressed and gagged by governments who develop all kinds of restrictive legislation. The work of SGFs could play an important role in funding and supporting civil society in increasingly difficult circumstances, as they focus on building local networks of people, investing in community philanthropy and providing strategic pockets of funding.

CHAPTER 3

# SUCCESS AND IMPACT

In this chapter, we describe how small grants funds define ‘success’ and we assess the impact of small grants funds based on the literature review. In the next chapter, we will delve into the specific characteristics of small grants and how they contribute to success and impact.

## Key elements of success

To get a better understanding of how SGFs view their role in social and environmental justice, we asked all representatives of SGFs how they define success.

The data indicate that SGFs define success at both the fund and individual grant levels. One key sign of success for SGFs is whether their grants are reaching the groups, communities and individuals they want to support, and whether these groups and people are able to use the grants for the work they want to do. At the level of individual grants, the grantees have their own criteria for defining success. SGFs feel that they are successful when groups gain capacity, self-esteem, recognition, decision-making power and/or engage in larger networks or movements.

We are using mainly, though not exclusively, qualitative indicators of success, due to the SGFs' flexible nature, objectives, grant size and grantee capacity. The grant size influences how success is defined, but it is also clear that a 'small' grant does not necessarily equate a 'small' impact. Quite the contrary, the results achieved through the small grants can be more impactful than through 'larger' funding mechanisms.[11] The flexible nature of the grants contributes to the success, as it enables groups to respond to changing circumstances quickly and effectively. Also, the nature of the groups themselves contributes to their success; grassroots groups and local NGOs are well embedded in communities. Research confirms that ecosystems under community control are in better condition.[12] Local groups are motivated, knowledgeable and resilient, which contributes to effectiveness. Another success factor is whether small grants are able to support a sense of agency and find solutions rooted in the communities themselves; small grants support emerging leaders, without being a leadership development programme.

Success is 'when people tell us that they used our grant to do something new and different and the effect was greater than they imagined'; Success is 'when people brought about change'. Success is when we bring partners together and they feel like they have found long lost family members. The work is often lonely. Success is when people come together and feel energized, that they feel their work is part of something much bigger.

In addition, most of the SGFs indicate that success is not only a result of the grants, but that they actively invest in strengthening networks and capacity and in improving results at the local level by creating platforms at the national, regional and international levels.

> "Small grants funds work well if they contribute to the success of movements, allow movements to grow, diversify, take advantage of opportunities and present alternatives without dominating the agenda."

# Findings on impact from the literature

For this study, impact was defined as:
1. The impact that small grants have on the grantee, grantor or intermediary (SGF), and
2. Impact on results on the ground

At the level of the fund (also called grantor or intermediary), most SGFs have identified key overall indicators that they track and use in their own reporting to back donors and the wider public. They track the number of groups/individuals they support, the number of grants they make and the amount of money they give. These figures are an indication of whether SGFs are actually able to find and fund the groups they want to fund and whether these groups are developing the capacity to grow and do more. This study found that SGFs have been able to reach and support an increasingly large number of groups through their expanding networks.

At the level of the grantee, there is evidence that SGFs are helping recipients to strengthen their capacity and – once their capacity has increased – enable them to influence policymaking[13,14] to access other funding sources and build a stronger organization and network of partners.

The literature shows that SGFs have an impact, both on the organization itself (strengthening the grassroots group) and beyond (challenging power, improving lives), provided certain conditions are met.[15] Essential conditions for the effectiveness of SGFs are: flexibility, community involvement and limited funding requirements. SGFs can change power dynamics as they support the disempowered to come together and demand change.

Evaluations show that small grants can contribute to environmental benefits as well as improved livelihoods. Projects that improve the livelihoods of marginalized groups usually also help to increase participation in decision-making among beneficiaries. The grantees gain power as their circumstances improve. There is also proof of the broader adoption of solutions initiated by small grants. We see a clear impact in cases where solutions are mainstreamed, upscaled and replicated, and associated costs are covered by another source.[16] Small grants contribute to reforestation, forest restoration and slowing down tree cover loss. One example shows that at least 61,704 trees were planted/seedlings produced and at least 10.12 ha of forest was restored or reforested through small grants valued overall at USD 827,725.[17]
In another example, 'with less than USD 10,000, the organization helped restore entire coastline ecosystems and local livelihoods, reducing carbon emissions (mitigation), and protecting coastal communities from rising sea levels (adaptation).'[18]

It is more difficult to pinpoint what SGFs' contribution is to social change, such as decreasing inequality and exclusion. The Global Environment Facility has not found evidence that the grants generate this kind of social change, but research on the effects of women's funds shows that 'social change is led by groups that work on structural change, focus on under-addressed and contested issues and are self-led.'[19] Social change is a long and winding road influenced by a combination of many factors. Linking social change to an SGF is difficult, but should not be discounted.

SGFs achieve impact at the local and national level, but through combined action they also influence global processes, e.g. the joint GEF-UNDP evaluation of the Small Grants Programme (SGP) concluded that the SGP was highly effective in generating global environmental benefits through the combined effect of multiple small-scale interventions.

# EXAMPLE OF **NATIONAL AND INTER-NATIONAL INFLUENCE**

## PERUVIAN AMAZON – RURAL LAND TITLING AND REGISTRATION

In its report Climate Benefits, Tenure Costs, the World Resources Institute estimates that at least 513 million hectares of forest are community forests, i.e. land held collectively by rural populations and indigenous peoples.

In Peru, targeted small grants, channelled through Both ENDS' partners Forest Peoples Programme (FPP), FECONAU (regional indigenous peoples federation) and AIDESEP (Federation of Indigenous Organizations, Peru) aim to conserve the Peruvian Amazon and safeguard indigenous communities' historical territorial rights, amid destructive mining, plantation expansion and infrastructure development. An additional challenge is to ensure that climate finance meant to protect the Amazon is participatory. In other words: funding should be provided in recognition of the role played by indigenous communities and with the understanding that demarcation of their ancestral land is a precondition for success.

The small grants were accompanied by lobbying efforts for more than six years. As a result, the Peruvian government and international donors agreed to revise the Rural Land Titling and Registration Projects. They made indigenous communities, men and women, main forest protection agents in this approach.

This generated more tailor-made earmarking of funds for community-based land mapping and demarcation. And it eventually led to a revision of the Amazon forest and climate policy of the Peruvian government, the World Bank and other donors, resulting in a new approach and financing flow (USD 40 million) that supports around 500 indigenous communities to demarcate around five million ha. of forest.

(Source: The role of international climate finance in securing indigenous lands in Peru: progress, setbacks and challenges, by FPP and AIDESEP, 2018.

CHAPTER 4

# CHARACTERISTICS OF SMALL GRANTS FUNDS

In the preceding chapters we described the theory of change behind small grants funds and how their overall impact and success are defined. In this chapter, we present nine key characteristics that make small grants funds successful, in terms of reach, as described in the terms of reference for this study, but also regarding a number of other aspects.

## Characteristic 1: Accessibility

> “A growing number of emerging groups are refusing to take part in the existing order of funding and become part of the “NGOization”. As a result, there are lots of great initiatives without access to existing resources. Grassroots groups don’t wait for funding to start working, but funding helps at crucial moments in their development, if it’s done right. Funding can also seed innovation and leadership at the grassroots level. It can provide a sense of hope to groups that have little support. Small funding helps to get access to information and acknowledgement and become part of a wider community.”

The literature shows that SGFs are able to reach groups that have little or no access to more traditional funding opportunities, for example groups that are not registered, groups with few resources and little capacity to manage funding,[20] and groups that face security threats and therefore have specific funding needs. Research about funding women’s environmental actions[21] shows that women are at the frontline of environmental action and protection across the globe. Yet there is a huge funding gap for these frontline communities. In 2014, only 0.2% of the dollars from larger foundations targeted women and the environment.[22] SGFs, such as women’s funds and environmental funds, help to bridge this gap by connecting other funders to grassroots organizations that worked in these areas.





To fund these types of groups, it is important that application, due diligence and reporting systems are simple so that small NGOs and grassroots groups can access the grant. The time between the submission of a proposal and the decision should be short, as the proposals often concern issues that need to be addressed urgently. Some SGFs allow interested groups to send a video to apply and report on a grant. This makes it easier for groups that are part of an oral culture, have no access to computers or are illiterate to take part in the process. Other SGFs offer hands-on support to communities or grassroots groups in developing proposals. All the SGFs we talked to have quick turnaround times; they respond within two months of submission.

Some SGFs have deadlines for proposal submission. The advantages are that the SGF can work in clearly defined cycles and it allows new groups – who sometimes bring new and innovative ideas to the table – to reach out to the SGF. The disadvantage is that many groups apply, so at least some, if not many, will be rejected due to a limited funding budget. This means that time and effort are wasted in the process, by both grassroots groups and the SGF. To avoid wasting time and resources, many SGFs do not allow unsolicited proposals, but work through teams of advisors to identify and invite groups they would consider for funding. In such cases, invited groups are more likely to receive funding. The disadvantages are potential dependency and gatekeeping.

## Characteristic 2: Shifting decision-making power

SGFs, as defined in this study, aim to change power dynamics and shift decision-making power to the grassroots groups and communities that they want to support. According to the data, it is generally agreed that traditional funding mechanisms have failed communities and often undermine their, and civil society’s, sense of self-determination. It is also generally agreed that this self-determination is crucial for the resilience of these communities, and that SGFs fill this gap.

Shifting decision-making power from the donor to the grantee, as SGFs aim to do, is both a way of increasing the effectiveness of the funding (donor self-interest) and recognizing the rights and expertise of local NGOs and community groups.

> “The forests are full of people whose rights are routinely ignored. If we wish to succeed in holding to our forests, we need to support the forest people.”

SGFs have (lean) systems in place that aim to ensure that grassroots and community groups are able to decide how to spend the grant. These systems are very differently organized. Some SGFs work through an open application process and have advisors on the ground who can provide more information on the applicants, others work closely with communities and grassroots networks, using a form of participatory grantmaking. Participatory grantmaking cedes decision-making power about funding – including the strategy and criteria behind those decisions – to the very communities that funders aim to serve.[23] SGFs that define their grantmaking as ‘participatory’ invest more time and effort in ensuring engagement at the local level and ensuring that the grants contribute to development that shifts power in a local context.

SGFs indicate that shifting decision-making power to the grassroots can be a complicated change for donors who are used to more top-down approaches. It requires donors to look at power dynamics in ways that are unfamiliar to them. It requires relinquishing control and trusting communities. Also see characteristic 6.

> “As funders we should not be influencing what it is that the organization does with the money. We understand their strategic vision and we support that vision.”

SGFs often have activism in their DNA and have strong and intrinsic ideals about human rights, democratic decision-making and participation. This makes them well-positioned to work with other activists, and grassroots and community groups; they understand the dynamics and often have similar core beliefs on rights, equality and power.

> “We made it our job to remove gates and gatekeepers to ensure that we can get the money to all corners of the country. We let the groups and the networks decide what to do, within the thematic restrictions that the international donors make. We set up very simple models to share ideas and are horizontally organized. We offer a support network to help communities to bring an idea forward.”

## Characteristic 3: Flexible and long-term support

SGFs indicate that their grants are flexible and that the grantee is best positioned to decide how the money is spent. Changes in plans and budgets usually do not require up-front approval and will only be explained in the reporting phase. Some SGFs only ask for budgets at the outcome level, where grantees do not have to indicate specific activity budgets. As the grant size is small, the SGFs indicate that the risks are low and the benefits of empowering local NGOs and grassroots groups to make their own decisions outweigh the desire to control the cycle.

The SGFs in this study work in a specific area and support groups in that field, e.g. women’s rights or environmental justice, and provide flexible and core funding within this realm. The literature review and interviews show that flexibility, as well as offering core, unrestricted support, are key:[24] ‘Groups that only have access to project funding find it more difficult to strengthen their internal organization and to pivot strategically when the context changes.

In addition, many SGFs indicate that funding should also be long-term to ensure that groups can achieve their highest potential. The combination of multi-year support and providing core funding helps to strengthen the resilience of groups working in difficult circumstances.[25]

Flexible funding also better addresses community needs, e.g. conservation efforts and women's rights are interconnected, so a strict thematic focus is not always helpful.[26] Flexible funding allows groups to respond to emerging issues more holistically, and t herefore deliver better results.

## Characteristic 4: Risk and innovation

Some SGFs provide flexible project-based grants. Although most of the interviewees say that core grants are better, offering project-based funding can be useful in certain circumstances. In addition, some SGFs provide one-off grants, and by supporting a wide variety of often innovative initiatives they intend to 'let a thousand flowers bloom'. These grants are likely to be most effective when the group also has access to other sources of core funding.

Regardless of whether SGFs are providing core support or project support, small grants funding is particularly suitable for high risk and/or innovative projects and activities. The combination of the flexible nature and relatively small amounts matches well with piloting new, sometimes risky, approaches. The fact that the decision-making is done by the recipients also helps to open up new opportunities for tailor-made action. Once there is proof of the effectiveness of an approach, an SGF can support further scaling up, and/or the grantee can seek a larger follow-up grant provided by another funding mechanism. In that sense, small grants are also a viable testing ground.





## Characteristic 5: Strategic investments: money is one piece of the pie

SGFs recognize and know from experience that grassroots and community groups often need more than money.[27] They also need networking opportunities, linking and learning, and technical support.[28] Most SGFs play an active role in supporting (former) grantees in more ways than just providing funding, e.g. they support building a movement, create strong community groups that work together and learn from each other. Some SGFs support networking and building connections, whereas others actively engage in capacity building and tool development or support community philanthropy.[29]

In other words, SGFs make strategic investments – through money and other types of support – in support of the whole movement, not just individual groups and organizations. They invest in small players and civil society alliances with the potential of creating more impact.

Another reason why supporting grassroots and community groups is strategic and effective is that the groups exist and function regardless of whether they are being funded. Many grassroots groups do not need constant funding to do their work, and they usually do not dissolve or close down without funding. They go back to other activities or their daily lives, and if a new need arises, they may apply again. Community groups are born out of a community need and not out of a funding opportunity. Also, proposals often include activities that do not require funding at all. Often a small grant is enough to improve or expand what is already happening. This is different from many other types of funding. See chapter 8 for the added value of SGFs compared to other funding mechanisms.

## Characteristic 6: Building and operationalizing trust

The literature review and conversations with experts indicate that building long-term relationships with grantees[30] built on trust[31] are key to the success of an SGF. As grassroots and community groups are best positioned to know and do what is needed at any given time, they should be given the trust to plan their work and indicate what they need. A trusting relationship is a prerequisite for local groups to feel able to make their own plan and have open discussions with the donor, and trust builds up over time. Providing multiple small grants over a longer period of time can be effective to build a trust-based relationship. This study indicates that there is quite a high level of trust between SGFs and their grantees, compared to other donor-grantee relationships.

There is often an implicit assumption that when we talk about trust it implies the donor trusting the recipient. However, trust works both ways and it is equally important that local NGOs and grassroots groups trust the donor and openly express needs and challenges. SGFs indicate that simply providing funding to a group with very little access to resources is already a starting point for trust. The act of giving, particularly when it involves flexible money, shows that the SGF trusts the group to spend the money in the best possible way. This is an important message to convey.

Because they believe in the value of trust, SGFs often invest in trust-building and use different mechanisms to do this. Most importantly, as they are not bureaucratic they invest in communication and transparency, and in building networks and movements of people who know and support each other. SGFs keep accountability processes simple and are sometimes open to different ways of reporting, e.g. using video or WhatsApp. Grantees usually communicate actively about their activities, according to SGFs and grantees in this study. Another way to solidify trust is to ask grantees to recommend other groups that could benefit from a small grant.

Strengthening trusted relationships is also a point of attention between SGFs and their back donors. Back donors are often larger foundations with stricter systems in place. SGFs invest in 'educating their donors' to trust SGFs to make the right decisions and review and adapt their reporting systems, audits and sometimes rigorous monitoring and evaluation (M&E) systems.

## Characteristic 7: Being aware that money is power

Money is power, even if it concerns small amounts. This is especially the case in resource-poor environments, which is where small grants funds often operate. Money can be the difference between earning a (modest) living and being able to support a family and not being able to sustain oneself. Small grants can undermine the unity and solidarity in a community. SGFs are usually aware of this and take measures to mitigate this risk, e.g. by making sure that the small grants funder has reach in the communities and is aware of red flags that signal community division.

> "We have to continuously ask ourselves how to make sure that money benefits the whole community and how to avoid the pitfalls of larger grants, as small grants can have a similar divisive effect."

## Characteristic 8: A stepping stone

For many recipients, a small grant from an SGF is the first time they receive funding for the work they do. This grant can be a useful stepping stone for accessing other small grants and potentially larger grants in the future. It gives them experience in developing goals, managing funds, reporting and building credibility. If the SGF also supports them in building networks and movements, grantees can establish valuable contacts to access other funding. Research shows that access to SGFs helps grassroots groups to gain easier access to follow-up funds; in one study, most organizations (59%) that acquired a small grant were able to grow after their small grant ended.[32]

Some SGFs focus more explicitly on community philanthropy as a goal. Community philanthropy can be defined as building a community of local giving to deal with local issues.[33] In an effort to strengthen community-led development and break patterns of dependence on philanthropy from the Global North, some SGFs are supporting their partners in building a culture of philanthropy from within. Community philanthropy could become more important in middle-income countries, as large donors are withdrawing. It also creates legitimacy for local groups and organizations, and helps groups to continue their work in areas where external funding is heavily monitored.

## Characteristic 9: A balanced grant size

Many SGFs consciously assess the size of the grants they provide. They acknowledge that money can disrupt existing systems and structures and that large sums of money can cause more damage than smaller grants. SGFs think carefully about grant size and are informed by local experts and advisors to make sure that the grants add value and do not divide the community. Grants that are too large, can also cause groups to stop looking for other resources, which makes them vulnerable. A good-sized grant can trigger community philanthropy and help a group to become more independent.

It is also worth noting that grants should not be too small. Giving insufficient funding puts disempowered, local groups in an even more disadvantaged position and undermines self-confidence. Reducing the distance between donor and grantee is crucial to understand the needs and the value of money in a given context and make the right decision about the size of the grant.

“Building a culture of philanthropy is no small undertaking and can only be done by the growing philanthropic structures that local funds are pioneering in their own societies. This is a process that has only just begun, and there is no turning back from it if we want to build more just and inclusive societies everywhere.”

CHAPTER 5

# KEY FUNDING CHALLENGES

In this chapter we describe three key challenges that are often brought up in relation to small grants funds. Even though these challenges are often presented as being specific to small grants funds, they may very well be encountered in similar ways by other types of funding mechanisms as well. In that respect, key challenges of small grants funds could well be perceived challenges that small grants funds are confronted with by (potential back) donors, international NGOs and others. On the next pages we describe the perceived challenges in alphabetical order, to avoid any suggested hierarchy of importance.

# Challenge 1: Accountability

As discussed before, small grants are mostly, though not exclusively, disbursed to small, local grassroots groups, NGOs and individuals that have not had (much) access to funding before. They are action-oriented, and the M&E systems are lean. Indeed, this is the intention of a small grant, and it often leads to concerns about accountability. If a recipient is a small (informal) group, without much capacity or experience with grant management, tracking progress and reporting, how can accountability be ensured? Are they managing the grant effectively?

On a deeper analytical level, several interviewees say that the way the sector talks about accountability is problematic. They feel we should redefine the concept, as first and foremost accountability should be to the community and not (only) to the donor. Grassroots and community groups, the main recipients of small grants, usually have a core base; they are accountable to their people.

> “ We create a conflict when we say that groups are accountable to the donor, more so than to their base; it hurts their agency. ”

Contrary to the concerns about accountability, in this study we actually found that small groups often show more accountability than larger, more formal groups. The reporting response rate is reportedly high, and reports and communication are perceived as more ‘genuine’, because groups feel responsible for the money they have received.





So perhaps it is not so much accountability itself that is an issue but more how results are translated back to the donor, and also how a donor ‘reads them’. Donors may be looking for ‘classically’ formulated elements, such as impact indicators and independent financial audits, which do not necessarily apply in the same way to small grants funds as they do to other funding mechanisms. Flexibility and shifting decision-making power to the grantee can be misinterpreted as non-accountability, whereas it is in fact a strategy to empower groups to truly be accountable.

> “ They use the money so sparingly. It’s very impressive how much control there is over resources, while there is an assumption that people can’t use resources. But the wave of microcredit has shown that rural people can manage money really well. ”

In addition, accountability and trust go hand in hand. Large funding mechanisms often operate at quite a distance from the grantee, and they set up complicated accountability systems in an attempt to maintain control over the resources. SGFs operate closer to the grantees and work through networks of trusted relationships. This helps to ‘make accountability easy’ and really ‘look at what groups have done (before) and get a feel for the skills’. Getting to know grantees by disbursing small grants through local and regional funds and personal contacts is suggested as a viable way to ensure accountability, which is fuelled by trust.

Trust is also important to break the detrimental power dynamics that often emerge between donor and grantee and stand in the way of open and honest accountability. SGFs are often explicit about power and take measures to create more equal relationships and validate local leadership.

The final point that emerges from the data is that accountability should run in both directions, not just from the grantee to the donor. Key stakeholders in small grants, but particularly donors, should embrace accountability as a two-way street and consider asking themselves how accountable (and transparent) they are to their grantees. This may also help to build trust, which we discussed in chapter 4 as one of the crucial characteristics of small grants funds.

# Challenge 2 Showing impact

Showing the impact of the grants is the second challenge we present. Critics say that the small size and wide disbursement of small grants can easily make them too scattered, which makes it difficult to measure their impact at the local level, let alone their contribution to bigger change. They are, after all, a mere drop in the ocean.

The experts we talked to confirmed that it takes resources and capacity to track impact and that it can be tough for small grants funds, where the systems have to be lean to be successful. When you give out small amounts of money, it is pointless to do rigorous (classic) M&E, the cost of which may exceed the original grant. However, this does not mean that there is no impact or that it cannot be demonstrated. In fact, SGFs are gaining experience in measuring impact at the local and national levels, taking advantage of the concrete nature of the work, the proximity of the SGF to the ground combined with the bottom-up decision-making and the trusted relationship between the SGF and the grantee. However, it can be a challenge to aggregate impact internationally. Some wonder whether that is a fair question to ask in the first place. Showing impact at the local and national levels is easier by using the extensive network of local advisors, which is characteristic for small grants, as they can identify patterns and trends that communities are not always able to see. Another enabler to demonstrate impact is the use of non-conventional methods of impact measurement, e.g. stories of change and video recordings rather than written evaluations or other less verbal tools.

Donors often have high outcome and impact expectations. Adopting unrealistic targets – such as requiring all projects to include a full gender analysis or small, short-term grants to achieve long-term sustainable results – can set a programme up for failure and be a disappointment for both the donor and the recipient.[34] It is wise to make a realistic and feasible impact forecast, for example by identifying the value of being a stepping stone and realizing that impact takes time.

Some suggest that impact should be redefined as something useful and feasible in general, but certainly for small grants funds. Indeed, the meaning of the impact should focus on its value for the community rather than on largely unrealistic and unachievable quantitative goals. That would entail including indicators that traditionally do not fall under impact, such as identifying and funding new groups, building movements, reinforcing campaigns and engaging in social media.

> “ If you are committed to funding a movement, you need to be patient and open to the fact that you won’t know everything. ”

In addition, despite the time and money invested by large funding mechanisms in rigorous M&E systems, the question of impact remains relevant for these donors as well. More or larger amounts of funding does not necessarily equate better results. Some would even argue that traditional grantmaking, which is often top-down and non-participatory, can be damaging in the long term, leading to the wasting of resources, social disempowerment, exclusion, conflict, and ecological or environmental damage. Small grants funds aim to strengthen the social fabric of communities to build the long-term structures and institutions needed for sustainable impact.

# Challenge 3: Transaction costs

Transaction cost is a term originating in business economics. Transaction costs have been broadly defined by Steven N. S. Cheung as any costs that are not conceivable in a 'Robinson Crusoe economy' – in other words, any costs that arise due to the existence of institutions. In fact, if the term were not already so popular in economic literature, Cheung believes it would make sense to use the more accurate term 'institutional costs'.[35]

So in the context of small grants funds, transaction costs are defined as all costs that are not directly spent on grant recipients, which includes salaries and administrative activities related to selecting, disbursing and monitoring grants. This also raises the question of whether, and to what extent, costs related to meetings, capacity building, travel and communication should be included in transaction costs.

Those interested in small grants funds may expect that because the amounts (of the grants) are small, the transaction costs are relatively high, and this may make the investment less desirable or manageable than disbursing larger grants.

Some respondents question whether transaction costs are in fact higher with SGFs than other funding mechanisms, where the overhead, extensive M&E system and operational costs are not (always) transparent. Indeed, small grants funds are often highly efficient and have little overhead. Some of the respondents also pointed out that transaction costs are a fact of life for all organizations, whether a small grants fund or mainstream funders.

SGFs also indicate that working through local and regional mechanisms, closer to the communities, is lowering transaction costs. Overall, transaction costs are a highly contested field, with varying opinions. The claim that transaction costs are higher for SGFs seems hard to sustain, because there is little common ground in the various definitions about what transaction costs include and exclude. More research would need to be conducted to draw conclusions on this issue.

A final point made by some interviewees concerns the serious loss of resources at the level of (I)NGOs by having to invest in the highly competitive and strenuous application processes that have become the norm to be able to access (large) donor funding. Although there are advantages to this system, e.g. trying to avoid favouritism and focus on analysis before acting, the likelihood of a grant proposal being accepted can be less than 5%, while it can take weeks of full-time work to complete the application process. SGFs are conscious about not wasting the already limited resources at the local level. Even though applying for funding is not widely considered to be a 'transaction cost', it may be worth taking these investments into consideration as well, because ultimately there is less left over for the cause as a result.

“A small grants fund is more expensive in certain ways, but larger grants take up a lot of time and effort; there are many hidden costs that people often don’t consider. It’s a bit of a false impression.”

CHAPTER 6

# MEASURING PROGRESS AND IMPACT

As discussed in Chapter 3, small grants funds measure progress both at the level of the small grants funds and at the level of the grantees. In this chapter we delve deeper into how small grants funds track progress and impact and which indicators they (could) use.

# Impact indicators for small grants funds

One core aim of SGFs is to provide funding to groups that have difficulty accessing financial resources – the grassroots groups that are true representatives of the communities they are fighting for. SGFs often track the number of grants provided to these groups, which is an indication of accessibility and of the strength of the network that SGFs have in regions and countries. In addition, they can track their success in building and strengthening networks, as well as how effective they are in ensuring flexibility and shifting decision-making power to the grassroots groups. These kinds of indicators make it possible to measure the essence of small grants funds, rather than trying to 'copy' impact indicators from other, larger funding mechanisms. As indicated in Chapter 5, 'impact' may have to be redefined in order to capture the essence of small grants funding. Most SGFs also invest in capturing and studying data from multiple grants to draw higher level conclusions about the impact of their grantmaking (see next section).

Suggested (sample) indicators for SGFs:
- Number of grants provided to grassroots and community groups
- Amount of money provided to grassroots and community groups
- Size and strength of the SGF network
  - Number of new groups introduced
  - Number and quality of joint actions / collaborations
- Experienced flexibility in grantmaking
- Experienced decision-making power by grassroots groups
- (Follow-up) fundraising for small grants

# Impact indicators for grantees

As for the impact of the grants themselves, most SGFs look at whether the groups they support are successfully increasing their space and power to engage in constructive dialogue and improve the recognition and protection of their rights. Most SGFs use the combined information they receive from individual grantees and advisors/experts on the ground to build a bigger narrative around increasing space, power, and social and environmental justice (impact).

Developing an M&E system can be challenging for two reasons: First, the flexible nature of the grant does not always make it possible to determine SMART indicators. Second, grassroots activist groups may not have the capacity or the time to structurally track and monitor their achievements as is often required by funders. The grant size is usually so small that it does not allow recipients to factor in time for monitoring and evaluation.

Most respondents indicate that they have lean systems to make M&E doable for grantees. SGFs are also looking at different ways of reporting to get essential information and data. In some cultures, oral forms are much more common and powerful. For people not used to writing, the quality of written reports can fall short and SGFs may not receive all the information they need.

The SGF is intended to be driven by the demands of the communities, making it difficult at the outset of a country programme to articulate relevant national or long-term indicators, baselines and targets. Also, the project grants are the unit of analysis. These grants are high in number and come in many different shapes, and the intended results at the local level vary. Each project may have multiple objectives; and developing indicators and baselines, and tracking data against targets, is beyond the capacity of many grantees.[36]

> “ The biggest challenge is to aggregate all those variables to the global level, but is that actually a fair thing to ask? ”

Clearly, within the setting of SGFs, it is wise to identify ‘unusual suspect’ indicators and make them meaningful as this will demonstrate accountability to the community rather than to the donor.

> “ Maybe impact should be defined simply as empowering people who will do all sorts of things. ”

A suggested way of measuring social impact could be through social capital indicators. Evidence suggests that an asset-based and citizen-led development approach can advance social capital and thereby increase the ability of people in communities to acquire three types of power: ‘power to’ (creating and participating in new forms of activities); ‘power with’ (fostering relationships and possibilities by collaborating with others); and, ‘power within’ (beginning to see their own capacity and self - worth).[37]

In addition, environmental impact can sometimes be measured in more quantitative ways by looking at impact indicators such as the number of planted trees or hectares of forest that have been protected or restored. Our study indicates that small grants can make an impact in these areas.

Suggested (sample) indicators for grantees:
- Impact on the organization
  - Follow-up resources (including funding)
  - Absorption capacity of the SGF
  - Size and quality of the network of the grantee
  - Expressed interconnectedness/less isolation
  - Expressed usefulness of the grant
  - Number of participating community members (gender disaggregated)
- Impact on marginalized groups (more power, better lives)
- Impact on the wider environment (changes in power structures; policy changes; environmental impact)
  - Influence on public opinion
  - Influence on decision-makers
  - Policy changes
  - Nature conservation; number of hectares
  - Reforestation; number of trees planted

# EXAMPLE OF **ECOLOGICAL IMPACT**

## CONSERVING SOUTH INDIA'S MEGA HOTSPOT: THE WESTERN GHATS

The Western Ghats in South India is a 1,500 km mountain chain that runs in a north-south direction and traverses six states. It is one of the world's eight most important biodiversity hotspots (Myers et al., 2000). It is the source of most rivers in the South and as such the lifeline of this part of the peninsula. Yet the Western Ghats are under acute pressure from major landscape transformations due to the construction of dams and other developments, which are also taking a heavy toll on local communities.

Civil society groups, while concerned and committed to conservation, acknowledge that each of them has been operating in an isolated and fragmented manner. Small grants and coordination provided by the Nature and People Fund is enabling a more orchestrated civil society response and fostering constructive dialogue with the federal and state governments, with the common aim of preventing further deforestation in the Western Ghats, in line with Indian forest policies. In 2010 the Save Western Ghats Movement, an alliance of NGOs and grassroots groups, was revitalized. It facilitated joint awareness-raising in the six states, calling for more stringent protection measures.

This led the Indian government to appoint the Western Ghats Environmental Expert Panel (WGEEP). The panel tabled a report with key recommendations to protect the Western Ghats, especially its core zone of eight million hectares, and introduce a more participatory approach to forest governance, involving tribal communities, local village (Panchayat) bodies and other local state and non-state actors. The recommendations recognize the forest dependency and knowledge of local women and men, and their families. With the growing urgency of climate change and drought in large parts of South India and the devastating floods in Kerala in 2018, largely caused by deforestation, these recommendations are gaining momentum again.

CHAPTER 7

# BACK DONOR CONSIDERATIONS

In this chapter, we explore the reasons why back donors[38] support small grants funds: What convinces them of the value of small grants funds, and how are the aims of small grants funds aligned with back donors' priorities? These questions were explored in detail during the interviews with representatives from small grants funds and respondents representing back donors. The reasons for back donors to support small grants funds can be classified as follows.

## Consideration 1: Better outcomes

Both SGFs and current back donors of SGFs indicate that the reason donors invest in SGFs is because their theory of change states that working through SGFs with communities and local groups to realize social change and environmental justice is more effective than working through the usual large (I)NGOs. They believe that (grassroots) communities are best positioned to understand their own issues and find their own solutions. In addition, community groups have the legitimacy to address community issues. According to the data, there is a growing sense among traditional donors that business as usual is not producing the required results and that support needs to go directly to the communities to create more impact.

Also, through SGFs, back donors can spread out their available budgets and cover more ground, in an attempt to create more impact.

> “ Small grants build a network by investing in many partners instead of putting all eggs in one basket. Funders often look to support organizations that resemble themselves. This undermines volunteerism, holistic approaches, etc. Small grants allow organizations to explore this territory themselves, in the spirit of learning, and be part of a collective pot. ”

## Consideration 2: A shared value base





A second key reason for back donors to support SGFs is that they hold similar values when it comes to power and change. Back donors that support SGFs believe in taking (calculated) risks, flexibility and giving on the basis of trust, building movements, and institutions instead of focusing on output and outcome. They are mirroring what makes SGFs successful. Back donors of SGFs recognize that their contribution is in the form of money, and not necessarily knowledge or thought leadership, and they do not want to dominate the space in that way; they listen unless their input is requested. They realize that it is impossible to determine from far away what the real needs are and where the (financial) investment should go to make a difference, and that those decisions should be made locally; their task is to enable this process, not lead it.

## Consideration 3: Reach

Another reason for back donors to fund small grants funds is that it allows them to reach groups they cannot fund otherwise. It is hard for many donors to directly reach communities, particularly remote and marginalized ones. They often do not have the network or the systems to reach these groups. The size of the requested grants is often too small for these donors to process in their own systems. Indeed, the larger donors often have bureaucratic systems, which are largely inaccessible to small groups. Funding SGFs offers a solution to the issue of reach.

## Consideration 4: Shrinking space for civil society

SGFs can play an important role in funding groups that are severely hindered by shrinking space for civil society. This shrinking space is a growing issue around the world, where states actively clamp down on (literal, financial and other) space for civil society in their country. This is particularly affecting many of the groups in the spectrum we are looking at: human rights defenders, women rights groups, environmental protection fighters.

According to our findings, SGFs are suitable for and can play a vital role in providing resources and creating networking opportunities and spaces of exchange and mutual support between activists, as a strategy to counteract the fragmentation of civil society and to build constituencies of support for citizen-led alternatives to current power structures and ideologies.

> “ Donor support for organizing civil society is arguably more important now than ever. ”

Local legitimacy can help in a repressive environment. Research suggests that there is a correlation between local fundraising and government support, although the results are inconclusive when it comes to more controversial themes.[39]

In addition, small groups with little funding often go unnoticed and can stay under the radar, while still contributing to bigger movements of change. It has been suggested that in some contexts, small grants funds and community philanthropy may well become the only way to continue supporting local groups unnoticed and continue accessing local civil society. In that sense, small grants funds may become more relevant in the years to come. For donors who believe that it is critical for local civil society to remain operational and to be a voice of dissent, this is an important issue to consider.

## Consideration 5: Success can be communicated effectively

Back donors can be convinced of the value of small grants funds if success is communicated to them in an inspiring way. SGFs have many options for illustrating their successes stories because they are close to the grantees and well aware of what is happening on the ground. Success stories are valuable in that they can help SGFs to convince donors to start supporting them and solidify their longer-term support. It is not just about individual stories, but it is also important to communicate a bigger story of change regarding small grants funds.

CHAPTER 8

# THE ADDED VALUE OF SMALL GRANTS FUNDS

In this report we have already described some of the key differences between small grants funds and other (larger) funding mechanisms. In this chapter we look at the added value of small grants funds in relation to other funding mechanisms.

The difference mentioned most often is that other funding mechanisms have stringent and complicated due diligence and operational requirements. Small grants funds are more flexible and less burdensome, which makes them accessible to the groups that other donors are not able to reach. A key added value of SGFs, therefore, is that they fund groups that others do not. Related to this is the fact that funding close to the ground, which is the case with most small grants funds, keeps the line short between community needs and providing support for those needs, and is more context appropriate than the initiatives that other donors can fund. In addition, many respondents feel that 'gatekeeping'[40] is less of a problem with small grants funds, because they are based on a network approach, which is often rooted in a movement, and use local advisors embedded in the communities that the small grants fund serves. There is more 'social control' than with large NGOs or local offices of INGOs, which come and go, shrink and expand, based on available (programme) funding.

Another added value of small grants funds is that they support groups that already exist and will continue to exist after the grant ends, because they are based on community involvement and an existing commitment. This is not always the case with larger NGOs and large programme grants. Funding frameworks, particularly those of large donors, sometimes dictate the shape and size of programmes, and organizations will have to (temporarily) adapt their programmes to suit those demands, instead of being able to base their programmes on the needs of the community or movement, even if they are aware of them. Organizations and departments are often set up to accommodate those grants, and also need to be quite elaborate to be able to handle all the accountability requirements.

Another issue with large or more traditional grants is that, although they could have more impact because of their size, the way large grants are managed can actually stand in the way of this. A lot of time and capacity has to be dedicated to due diligence, monitoring and building up systems and organizations, just to be able to manage the grant. In addition, top-down decision-making structures often lead to a lack of buy-in from beneficiaries, which can lead to (further) disempowerment and even conflict.

Finally, in small grants funds, the relationship between funder and grantee seems to be more equal than in larger grant mechanisms. Small grants funds are often run by people embedded in the movement, and the small amounts also decrease the power imbalance. Grantees are often movement leaders with legitimacy and credibility, rather than disempowered people without agency. This also contributes to a more equal relationship between grantor and grantee.

“For large grants, a lot of investment goes into managing the grant instead of the mission.”

# EXAMPLE OF **ECOLOGICAL IMPACT**

## SMALL GRANTS AS CATALYST TO REGREENING THE SAHEL

In Niger, Burkina Faso and Senegal, three of the most drought-affected and food-insecure countries in the Sahel, the loss of productive land is threatening the livelihoods of both farming communities and pastoralists. However, there are promising initiatives that may turn the tide. For example, in Niger in the drought-prone provinces of Maradi and Zinder, six million hectares of park land has been restored by farmers since the 1980s.

The key to this approach is farmer-managed natural regeneration (FMNR), which integrates agriculture and agro-forestry with the full participation of the communities – both men and women – and support from village institutions, NGOs and authorities at the local, regional and national levels. Allowing nature to do its work and the dormant but still active 'underground forest' of roots, stumps and seeds to sprout spontaneously is one of the mainsprings of regreening. It also involves agreements with farmers and (semi) nomadic cattle herders to protect young seedlings from 'cattle & axe'. The reward is a growing pool of resources for all.

Small grants administered by the regional agricultural extension agency CRESA in Niger helped to kick-start a process of exchange visits and training activities at the farm and village level. These experiences, and funding from the Turing Foundation and DOB Ecology, are making effective restoration at scale possible. The aim is to restore a total of 200,000 ha in Niger, Senegal and Burkina Faso, involving over 500 villages.

Farmers who adopt FMNR regreening techniques produce a high variety of food and saleable products, also from trees, such as fruits, nuts, baobab, timber, fuel wood, moringa leaves, vegetable oils such as shea butter, honey, fodder and medicinal plants. These products are notably collected by women, as a vital source of income and basic needs. Trees act as wind breaks and provide shade, increase soil moisture, add soil organic matter and help recharge water tables, and lead to higher arable crop yields. Nature restoration also boosts animal husbandry, helps mitigate conflicts between herdsmen and farmers, and limits migration. Women reportedly feel safer when fewer men leave the village for migratory work.

CHAPTER 9

# OTHER REFLECTIONS

In this chapter, we describe a few additional topics that are worth mentioning, but are slightly outside the scope of work. These reflections came up frequently and are noteworthy as additional ‘food for thought’.

# Rapid response

The issue of rapid response has come up in the literature review and in the interviews. What we mean by rapid response is a need to release money quickly (even faster than regular small grants), in case of an emergency, e.g. when activists are in danger, or a sudden opportunity, e.g. when a piece of legislation for environmental protection or a permit for a fossil multinational are about to be issued.

Some small grants have a rapid response kitty attached to their grantmaking. The biggest issue with rapid response is the required speed of the decision-making (preferably within 24 hours). It is often difficult even for SGFs to make a decision that fast. It may be worthwhile to consider investing in a rapid response kitty, e.g. a certain percentage of the total budget, perhaps pooled with other small grants funders in the same focal or geographical area.

# Strategic communication

Strategic communication came up regularly during the interviews: small grants funds could improve the way they express their valuable role in providing the world with 'what it needs right now' and their ability to bring about the necessary change. The perception is that small grants funds are a drop in the ocean and work in silos, whereas they are actually capable of making big waves together. This is a strong narrative. There is an opportunity to embed small grants in a narrative for a systematic shift to devolve power closer the ground.

> "There is an opportunity to communicate more strategically about the value of small grants as being much more than a way for under-resourced organizations to make grants. Small grants aggregate resources and dissolve power."





Some feel that it is not small grants that need to be 'promoted' but diverse, democratized and effective philanthropy. Participatory philanthropy grantmaking is gaining traction, and small grants have been part of this philosophy for over 25 years. Trust in big institutions seems to be eroding everywhere at the moment, so now is a good time to consider a good alternative force for positive change in the world.

> "Small grants are not a goal, stronger social movements are. We need to get resources to the ground. Different types of grants play different roles in a larger ecosystem. There is immense pressure on small grant to make a big change."

# Reframing key concepts

**Small grants**

The word 'small' can be distracting and confusing as it does not cover the essence of SGFs. SGFs are not about size but about a different way of working.

> "It's about what the communities can do with the money. It's about who is in the best position to make sure the resources go to the relevant actors."

> "Community philanthropy is the practice of solidarity at the community level: how can you use all the resources that you have, such as assets, capacity and trust in order to raise other resources?"

A more appropriate term would be 'community-led grants, which emphasizes the role of the community rather than the grant (size).

**Intermediaries**

Intermediary, a term often used to refer to small grants funders, the local and regional mechanisms disbursing small grants, often suggests technocratic and unnecessary gatekeeping between the money and the recipient, which from the donor's point of view means potentially losing value along the way. Instead, small grants funds have convincingly demonstrated their added value in various ways, as described above, including for donor education purposes. We had creative conversations with some respondents about this potential reframing:

- Local activist fund (created and led by activists), the self-financing arm of the local social and environmental movement. We raise money and bring it as systemically as we can into the hands of the most affected.'
- 'We connect big funders to the collective on the ground. Conservation of our natural resources will proceed from the collective, and we can support that collective.'
- 'The term intermediary has a connotation of inefficiency. It also discredits the role of the intermediary. It does more than just move money. A better term would be: grant magnifier or grant multiplier.'
- 'Movement multiplier.'
- 'If you are doing your job well as an intermediary, you won't be around for that long. And that should be your aim, to dissolve after you have achieved your goal.'

# Funding on the nexus of movements

> "There is no such thing as a single-issue struggle, because we do not live single-issue lives." - Audrey Lorde

The groups that small grants funds support are often part of more than one movement, or are seeking to work across movements.

An interesting finding is that the closer you get to the ground, the less people tend to compartmentalize themselves into boxes; separating movements and concepts is something that is more likely to be happening in 'boardrooms' than in the streets. People have multiple layers that make up their identities and realities, and small grants funds can be the bridge between movements without emphasizing conceptual differences. Working on the crossroads of movements often happens organically, and SGFs are particularly well positioned to support cross-movement building as part of their flexible approach.

Some respondents say that it can be challenging to provide funding at the nexus of the women's and environmental movements because 'women are often more disadvantaged and struggling with their livelihoods, so they need to address these issues before they can focus on environmental advocacy'. Others indicate that funding movement building in the area of environmental and climate justice is fairly recent, and much can be learned from funders of women's rights groups in that respect. The realization that community involvement and movements are an integral part of the narrative of change is fairly new for climate funders. Women's funds have been using an intersectional approach for much longer, and have included community-based engagement and movement building as an important prerequisite for change.

> "Silo-ism comes from learned behaviour. In civil society we have learned to focus on one issue and think that we will lose our focus if we go broader. We need to unlearn this, as the potential for intersectionality is critically important. It frees up people from their silo, establishes a joint framework, and creates the potential to strengthen civil society from all angles."

# EXAMPLE OF **FUNDING ON THE NEXUS OF MOVEMENTS**

## ENVIRONMENTAL JUSTICE AND WOMEN'S RIGHTS GROUPS UNITE IN SENEGAL

A coal-fired power plant, built in the small coastal village of Sendou, next to the city of Bargny, is threatening the environment and lives of the communities. For several years various Senegalese organizations, such as Lumière Synergie pour le Développement (LSD), have been working to stop this project.

The coastal population survive mainly on fishing. Women process and sell the fish. They are also in charge of the agricultural activities. Bargny and surroundings are very vulnerable to climate change. Coastal erosion has already destroyed some areas and people are struggling to survive.

The power plant is funded by a consortium led by the African Development Bank (AfDB) with the Dutch Development Bank (FMO), the West African Development Bank (BOAD), and the Compagnie Bancaire de l'Afrique de l'Ouest (CBAO). LSD raised concerns that the power plant was built without consulting the community and failed to protect the fisherwomen in this case. LSD was searching for a group with gender expertise. Through the GAGGA (Global Alliance for Green and Gender Action – an alliance led by Fondo Centroamericano de Mujeres (FCAM) with Mama Cash and Both ENDS) network in 2016 LSD and WoMin, a Pan-African regional alliance, met and forged a partnership in support of the local network of affected women.

With a small grant from the Foundation for a Just Society, WoMin and LSD were able to facilitate a participatory research approach which enabled local women to analyse the situation and voice their concerns and views.

LSD and WoMin also assessed the AfDB gender policy and the quality of its implementation when it funded this power plant. They detected serious lacuna and non-compliances, which resulted in the Bank's lack of consultation of the affected women and their communities and no compensation for the loss of land and livelihoods. As a consequence of these joint research and advocacy efforts, the African Development Bank committed to conduct a policy review in 2020.

(Source: https://gaggaalliance.org/news/sendou-where-environmental-justice-and-womens-rights-come-together/)

# CHAPTER 10

# CONCLUSIONS

In this study we have explored the following three aspects of small grants funds:

- The characteristics of small grants funds that enable them to effectively reach grassroots organizations, movements and activists;
- The impact small grants have on the grantee, grantor or intermediary, as well as their impact on results on the ground; and
- The added value of small grants funds compared to other (mainstream) funding mechanisms.

Our literature review and the interviews with experts provided us with a wealth of information, reaching beyond the three initial aspects we aimed to explore. In this report we aimed to include all relevant findings, considerations and insights that we came across. In this final chapter, we will draw some general conclusions and focus on the three central elements of the study.

# General conclusions

The limited (often external) view that small grants funds are of little value for development, equality and environmental justice is incorrect. The fact that SGFs provide small grants is more a strategic choice than a necessity. In other words, small grants are not the result of limited resources, but the result of a conscious thought process on what community-based NGOs and grassroots groups need and can absorb in a healthy way. Most SGFs are built on a thorough theoretical framework and vision for change. They make a strong attempt to ensure that the values and theories that underpin their work are being reflected in all aspects of their grantmaking. When SGFs talk about shifting decision-making power to the grassroots and working from a basis of trust, they actively put systems in place to try to ensure this; SGFs walk the talk.

A lot of ground-breaking work has been done in recent decades to understand and enhance community-led development, the shifting of power, community philanthropy and using SGFs for (cross-)movement building. However, not many people outside of the domain of SGFs seem to know about this important work. We highly recommend that donors – regardless of their background or which kind of theory of change they advocate – become acquainted with this work and develop their own ideas in these areas.

SGFs are strategic investors that are often part of a social movement themselves. This enables them to connect people, organizations, ideas and experiences and strengthen a movement instead of just strengthening individual groups. By providing pockets of small investments across a wide range of actors and regions, focusing on what is needed, SGFs aim to achieve more: Many seeds create a forest.

# Conclusions regarding the research questions

## 1. The characteristics of small grants funds that enable them to effectively reach grassroots organizations, movements and activists.

SGFs have a wide range of characteristics to ensure that they reach the grassroots organizations, movements and activists that they aim to support. First of all, they use simple requirements and criteria in their application and reporting processes that cater to groups and organizations with little capacity or experience in applying for and managing grants. In addition, SGFs work at the local level through advisors and networks to identify potential grantees and local leadership. SGFs deliberately invest in shifting decision-making power to the grassroots and providing flexible funding in order to enable groups and individuals to make their own decisions. This is empowering in its own right and contributes to better outcomes (see the next point). Based on our study, we are confident that SGFs are indeed able to effectively reach the groups they want to reach.

## 2. The impact small grants have on the grantee, grantor or intermediary, as well as their impact on results on the ground.

Although the study indicates that showing the impact of small grants can be complicated, there is also ample evidence that small grants are indeed making an impact. The systems of networking and movement building that SGFs have established enable them to identify and fund new groups and local leadership, and strengthen their capacities and influence. Through the movements, SGFs are able to bring about extensive change that goes beyond the community level.

Due to the close and trusted relationships that SGFs have with grantees and the flexibility they promote, they are able to capture more and different information than other funders. The study also shows that SGFs require a different definition of impact that is better suited to the goals of SGFs, for example increased confidence or ability to acquire other funding.

## 3. The added value of small grants funds compared to other (mainstream) funding mechanisms.

The key added value of SGFs compared to other funding mechanisms is the SGFs' ability to reach those groups that mainstream funders usually cannot reach. SGFs are an indispensable part of the global system of funding for development, justice and equality. They acknowledge the value of local organizing and allow grassroots and community groups to take up their essential role in building resilient and independent institutions and communities.

In closing, although SGFs sometimes face criticism and doubt regarding their ability to contribute to social and environmental justice and protection, SGFs are in fact filling a crucial gap in the funding landscape. In addition, the questions or concerns related to SGFs' accountability, impact and transaction costs are just as applicable to other funding mechanisms. These challenges must be considered for any type of funding, not only for small grants. This study has opened up a wealth of insights and key ideas regarding power, money, effectiveness, funding and community participation, which all donors should consider when developing funding programmes and theories of change. We trust that this study will give rise to a meaningful and fruitful debate and discussion and ultimately benefit the people and communities doing crucial work in great need of resources.

# ANNEXES

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# Interview guide

The interviews are semi-structured and do not follow a specific format. The questions are meant to guide interviewees and encourage a conversation rather than follow a format. And prompt them when necessary. We aim to delve deep, and focus on the key benefits and challenges of SGFs, also compared to and/or in addition to other funding mechanisms.

For SGF donors
- What is typically small grants funding, and what should SGFs never (try to) cover?
- What are key differences between an SGF and other funding mechanisms?
- What is the vision behind an SGF (in general and compared to other mechanisms)?
- What is your definition of 'success' for an SGF?
- What changes do you (often) see as a result of an SGF? Are they different from other funding mechanisms, and if so, how?
- What are the key challenges?
- How do you see the role of trust in funding decisions and monitoring and building an equal relationship (equal relationship: the donor brings the funding and the grantee has knowledge and experience to offer)?
- Are there specific operational processes that you use to build trust, and if so, what are they?
- How do different characteristics of small grants affect their functionality and impact, e.g. have you ever changed procedures or systems to be more effective?
- How do you balance accessibility for grantees with accountability and a need to show impact?
- What are some examples of good and bad practices and experiences in cross-movement funding/funding at the crossroads of issues?
- Donor benefits: what is in it for the donor?
- More specifically, could an SGF (partially) solve the issue of shrinking space for civil society?

For larger donors:
- What are your key principles and what is the theory of change behind your grantmaking?
- What are key differences between SGF grantmaking and larger donors?
- Are there any similarities, and if so, what are they?
- Are the objectives different for SGFs and larger funding mechanisms? If so, how?
- How mutually reinforcing are these different types of grantmaking (1+1=3)?
- (How) Do you ensure decision-making power among beneficiaries?
- How do you see the role of trust in funding decisions and monitoring and building an equal relationship (equal relationship: the donor brings the funding and the grantee has knowledge and experience to offer)?

For back donors of SGFs:
- What are the benefits and challenges of SGF grantmaking?
- What is in it for the back donor?
- Why and how did you choose to fund SGFs?
- What do you expect in return for the SGFs that you fund?
- Are there scenarios where you would reconsider funding SGF donors, and if so, what are they?

For grantees:
- What changes do you see (experience)/have you seen (experienced) as a result of an SGF?
- How do you know those changes are a result of an SGF?
- How is an SGF different from other types of funding, in your experience?
- In your experiences, do SGFs generally have good or bad practices?

Are there key challenges with an SGF?
- More specifically, could you give some examples of good and bad practices and experiences in cross movement funding/funding at the crossroads of issues?
- To what extent were you able to make your own decisions regarding the expenditure of a small grant?
- What are your experiences with the role of trust in funding decisions and monitoring and building an equal relationship (the grantee has knowledge and experience to offer)?
- (How) Has the SGF donor benefitted from working with you?
- What has the donor learned from you?
- Based on your experience, what would you change in terms of the application procedure, decision-making, monitoring, and accountability regarding SGFs?

# List of interviewees

**Small Grants Funds**

1. AFRICAN WOMEN'S DEVELOPMENT FUND
   Theo Sowa

2. BOTH ENDS
   Paul Wolvekamp
   Tamara Mohr

3. CASA SOCIO-ENVIRONMENTAL FUND
   Amalia Souza

4. EDGE FUND UK
   Rose Longhurst

5. FASOL
   Artemisa Castro Felix

6. REFLECTIONS REGARDING GEF SGF FACILITY
   Avi Mahanintas
   Patrick Anderson

7. GLOBAL FUND FOR COMMUNITY FOUNDATIONS
   Jenny Hodgson

8. GLOBAL GREENGRANTS FUND
   Peter Kostishack
   Ursula Miniszewski

9. KEYSTONE FOUNDATION
   Sneh Nath
   Sumin George

10. MAMA CASH
    Amanda Gigler

11. NON-TIMBER FOREST PRODUCTS (NTFP) - EP
    Femy Pinto
    Mayna Pomarin

12. NTFP - EP (Philippines)
    Ruth Canlas

13. PATAGONIA
    Annemarie Keiser
    Mihela Hladin

14. PLANETROMEO FOUNDATION
    Kevin Schram

15. RAWA FUND
    Moukhtar Kocache

**Back donors**

16. BOTH ENDS
    Tamara Mohr

17. EDGE FUNDERS ALLIANCE
    Rose Longhurst

18. IUCN NL
    Rob Glastra

19. CS MOTT FOUNDATION
    Traci Romine

20. OAK FOUNDATION
    Karen Suassuna

**Other funding mechanisms**

21. DGIS DUTCH MINISTRY OF FOREIGN AFFAIRS
    Ronald Siebes

22. OXFAM NOVIB (VOICE PROGRAMME)
    Marinke van Riet

23. DUTCH POSTCODE LOTTERY
    Esmee van der Ven

**Grantees**

24. ASOCIACION DE MUJERES RURALES (AMR) – EL SALVADOR
    Bartola Perez

25. CIPO NATIONAL INDIGENOUS PEOPLE'S NETWORK CAMBODIA
    Bunhieng Hean

26. COMISION DE MUJERES VICTIMA DE LA MASACRE DE CURUGUATY – PARAGUAY
    Josefa Acosta

27. COORDINADORA DE ASOCIACIONES Y COMUNIDADES PARA EL DESARROLLO INTEGRAL DE LA REGION CHORTI (COMUNDICH) – GUATEMALA
    Elodia Castillo

28. GRUPO DE MUJERES ARTESANAS DE SANTA ROSA DEL PUEBLO QOM – PARAGUAY
    Bernarda Pesoa

29. LIVE INDONESIA
    Dedek Hendry

30. RED DE AMBIENTALISTAS COMUNITARIOS DE EL SALVADOR (RACDES)
    Zulma Larin

# NOTES

**GLOSSARY**

01 Jenny Hodgson, Barry Knight and Susan Wilkinson-Maposa Recommendations for Funders (page 5).

02 Source: 'Deciding Together: Shifting Power and Resources through Participatory Grantmaking.

CHAPTER 1 - **INTRODUCTION**

03 Terms of Reference for this study.

04 Terms of Reference for this study.

05 'Impact', in this study, refers to the positive effects of the grant, both internally (e.g. effects on the grantee) and externally (results on the ground). We define 'impact' as the longer-term outcome or wider-scale effect of the grant on the grantee/grantor/intermediary and meaningful changes that happened on the ground as a result of the grant.

06 Quotes are anonymous and some have been modified and/or shortened to improve readability.

07 'Snowball sampling' is a technique for developing a research sample by enlarging the sample through direct referrals.

CHAPTER 2 - **DEFINITION AND THEORY OF CHANGE OF SMALL GRANTS FUNDS**

08 Terms of Reference for this study.

09 Terms of Reference for this study.

10 The Virginia Gildersleeve International Fund.

CHAPTER 3 - **SUCCESS AND IMPACT**

11 The potential for impact of small Empowerment grants compared to larger Influencing grants within Voice, a grant facility to promote the Leave No One Behind agenda, was confirmed during the mid-term review assessment carried out by MDF between September 2018 and March 2019. The final report is available on request via hello@voice.global.

12 Stevens, C. (2014) Community Forests: An undervalued approach to climate change mitigation.

13 GGF Gender Mapping Report Our Voices, Our Environment & MamaCash Our voices are strong (pages 6 & 8).

14 GGF Gender Mapping Report Our Voices, Our Environment & MamaCash Our voices are strong (page 25).

15 GGF Gender Mapping Report Our Voices, Our Environment.

16 Joint GEF-UNDP Evaluation of the Small Grants Programme & Women as Environmental Stewards: The experience of the Global Environment Facility Small Grants Programme.

17 Environmental Impact of Global Greengrants Fund's Grantmaking – Initial Findings Global Alliance for Green and Gender Action (GAGGA).

18 GGF Gender Mapping Report Our Voices, Our Environment Funding Lesson (page 27).

19 Mama Cash, Why fund women's funds?

CHAPTER 4 - **CHARACTERISTICS OF SMALL GRANTS FUNDS**

20 E.g. girls groups (Mama Cash Girls to the front).

21 GGF Gender Mapping report Our Voices, Our Environment.

22 Mama Cash Our voices are strong (page 4).

23 Definition from 'Deciding Together: Shifting Power and Resources through Participatory Grantmaking.'

24 Mama Cash, Why fund women's funds (page 3).

25 Mama Cash. State of Civil Society Report 2015: Guest Essay. Resourcing for Resilience Lessons from Funding Women's Rights Movements (page 4).

26 GGF Gender Mapping Report Our voices, Our environment.

27 GAGGA Mid Term Review (page 6).

28 Mama Cash & FRIDA, the Young Feminist Fund. Girls to the Front, A snapshot of girl-led organising (page 8).

29 Community philanthropy involves community members working together and leveraging community resources to better address challenges or to improve the quality of life in a community – learningtogive.org.

30 GAGGA Mid Term Review (page 29).

31 Mama Cash, why fund women's funds (Page 3).

32 Global Greengrants Fund. Global Survey of Grassroots Grant Recipients.

33 Jenny Hodgson, Barry Knight and Susan Wilkinson-Maposa New Horizons for Community-Led Development Recommendations for Funders (page 5).

CHAPTER 5 - **KEY FUNDING CHALLENGES**

34 Joint GEF-UNDP Evaluation of the Small Grants Programme.

35 Wikipedia https://en.wikipedia.org/wiki/Transaction_cost.

CHAPTER 6 - **MEASURING PROGRESS AND IMPACT**

36 Joint GEF-UNDP Evaluation of the Small Grants Programme.

37 Jenny Hodgson, Barry Knight and Susan Wilkinson-Maposa New Horizons for Community-Led Development Recommendations for Funders (page 6).

CHAPTER 7- **BACK DONOR CONSIDERATIONS**

38 By 'back donor' we mean any donor financing implementers of small grants funds. Often they are large private foundations, e.g. Oak Foundation, Mott Foundation, (supported by) a corporation, e.g. Patagonia, or governments, e.g. the Dutch Ministry of Foreign Affairs.

39 Emmanual Kumi. An analysis of the Relationship between Domestic Resource Mobilisation and Civic Space.

CHAPTER 8 - **THE ADDED VALUE OF SMALL GRANTS FUNDS**

40 By 'gatekeeping' we mean that new groups or organisations are actively hindered from accessing funders by gatekeepers. These gatekeepers can be existing grantees who want to protect their income or influential experts who advise donors who to fund.

# COLOPHON

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Page 28: Indigenous village in Ucayali, Peru. Tom Younger, 2019
Page 48: Foothills of the Western Ghats at the Tamil Nadu-Karnataka border region. Both ENDS, 2019
Page 58: Farmer-Managed Natural Regeneration enables production of vegetables in the Sahel. Both ENDS, 2019
Page 64: Women drying fish near the coast in Sendou, Senegal. Both ENDS, 2019

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# PUTTING PEOPLE FIRST

the transformational impact of small grants funds