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Small Grants Programmes in Ireland:

A review of the current landscape and best practice
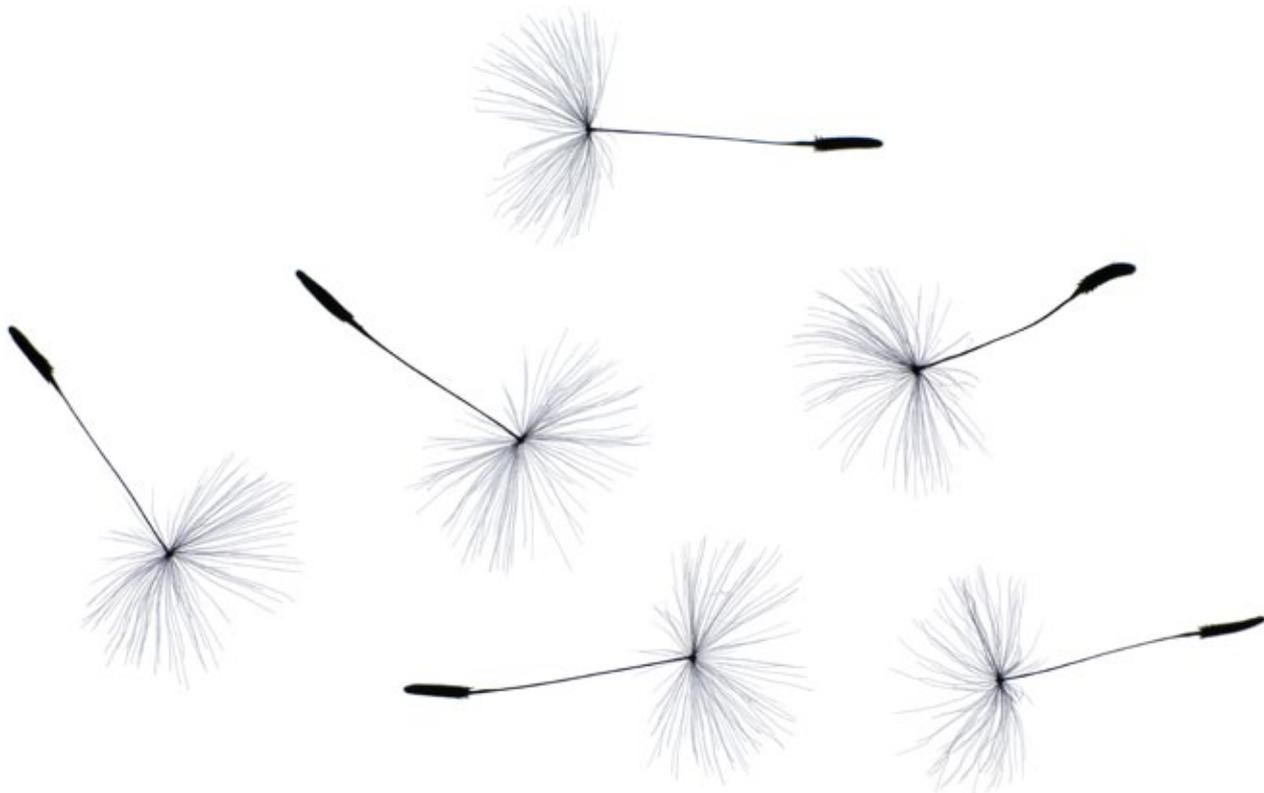
April 2013

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Introduction

Gauge Ireland was commissioned by Philanthropy Ireland in September 2012 to conduct a piece of research to contribute to the library of resources available for grant-makers and philanthropists. Representatives of several of Philanthropy Ireland's members proposed this research. This report presents the findings, conclusions and recommendations of our research on Small Grants programmes in Ireland.

The aims of the research were three-fold:

1. To generate knowledge: The research will explore the purpose, benefit and potential of Small Grants Programmes in Ireland from the perspective of both funders and projects. This will include how Small Grants Programmes fit within the philanthropic landscape in Ireland by providing a 'snapshot' in time.

2. To promote and improve Small Grants Programmes: The research will include some judgments as to what constitutes an effective Small Grants Programme and will make good practice recommendations for current and prospective grant-makers. It will consider what works and what doesn't in the provision of Small Grants Programmes.

3. To improve collaboration amongst philanthropic organisations: The research will scope how to enhance grant-making processes for beneficiaries.

Following a description of the methodology, the report is presented in two parts. Firstly, a profile; and secondly, analysis of practice of Small Grants Programmes in Ireland together with conclusions and recommendations which might improve the grant-making environment and enhance efficiency and effectiveness of programme delivery.

The report combines analysis of information provided by grant-makers (including, where provided, perspectives of their applicants / grantees), interviews, and evidence from a literature review which is referenced throughout, with details provided in Annex 1.

The report has been drafted with an understanding that the primary audiences are Philanthropy Ireland, its members, and prospective members. We would like to acknowledge and thank all those who contributed to the successful completion of this piece of work, most particularly the interviewees. Your time and input was greatly appreciated.

This report will be followed by the development and production of a series of 'learning products' based on case studies, which will provide resource materials, intended for wider dissemination, for people or organisations already engaged in or considering Small Grants Programmes.

Methodology

The research was conducted between October and December 2012, by Gauge Ireland, lead by Dr. James Magowan and supported by Seamus Carlin and Grainne Madden. The research was overseen by an Advisory Group including Philanthropy Ireland members (Jackie Harrison – Community Foundation for Ireland; Jordan Campbell – The Ireland Funds; Dr. Noelle Spring – Katharine Howard Foundation; Orla O'Neill – St Stephen's Green Trust; Eilis Murray – Philanthropy Ireland). The Advisory Group identified the following as key elements underpinning the research:

1. **The focus of the research should be on practical learning and guidance.**

2. **For the purposes of the research a working definition for Small Grants Programmes was defined, as follows:**

   The critical elements which must be evident are:

   - A defined amount is set aside for the programme

   - There is a competitive call for submission of applications

   - There is an element of bidding / competition for the grants

   - There is a clear process for applications

   - There is a clear process for decision making on allocation of grants

   - There is a clear statement on structure and boundaries of the grants

   - There may be a regular call or a once off call

   - Grants are awarded on an annual basis

A ceiling of an annual award of €25k was suggested as a maximum (it was recognised that most Small Grants Programmes would offer awards substantially below this level, it was felt however that useful experience would be included through extending the scope of the research to a higher threshold).

3. **Quantitative review should cover the four calendar years 2009 to 2012, inclusive. However, previous experience of Small Grants Programmes should be taken into consideration as appropriate, and for particular programmes it is in this context that they have been included in this report.**

4. **All Philanthropy Ireland members should be informed of the research and invited to contribute.**

   The research involved:

   - Literature and web review (including 2 applicant / grantee surveys in Ireland provided by Philanthropy Ireland members, and review of practice elsewhere including both grant-makers and applicant perspectives);

   - Interviews with managers of grant-making organisations (including those administering Small Grants Programmes and others);

   - An interview with an organisation representing the voluntary and community sector bringing the experience of grantee needs and perceptions.

All Philanthropy Ireland members that responded to the invitation to participate were interviewed and a number of other non-member organisations were identified and included for interview.

Chief Executives and / or Programme Managers in 17 organisations (Annex 2) were interviewed, of which 15 are currently engaged in or had previous experience of Small Grants Programmes.

An interview framework (Annex 3) was prepared and circulated in advance to provide a structure to discussions which aimed to address:

a) What Small Grants Programmes have been operated over the past five years?

b) Why it was decided to run a Small Grants Programme?

c) How Small Grants Programmes were run?

d) What has been learnt from the experience of running Small Grants Programmes?

Some of the participants specifically requested that details of their grant making would be considered in confidence. The profile is thus based on aggregated data and is intended to provide a contextual backdrop to the more detailed analysis where data and comments have only been attributed where they are already in the public domain. It has not been our intention to judge the relative performance of respective Small Grants Schemes but rather to draw lessons from the range of experience.
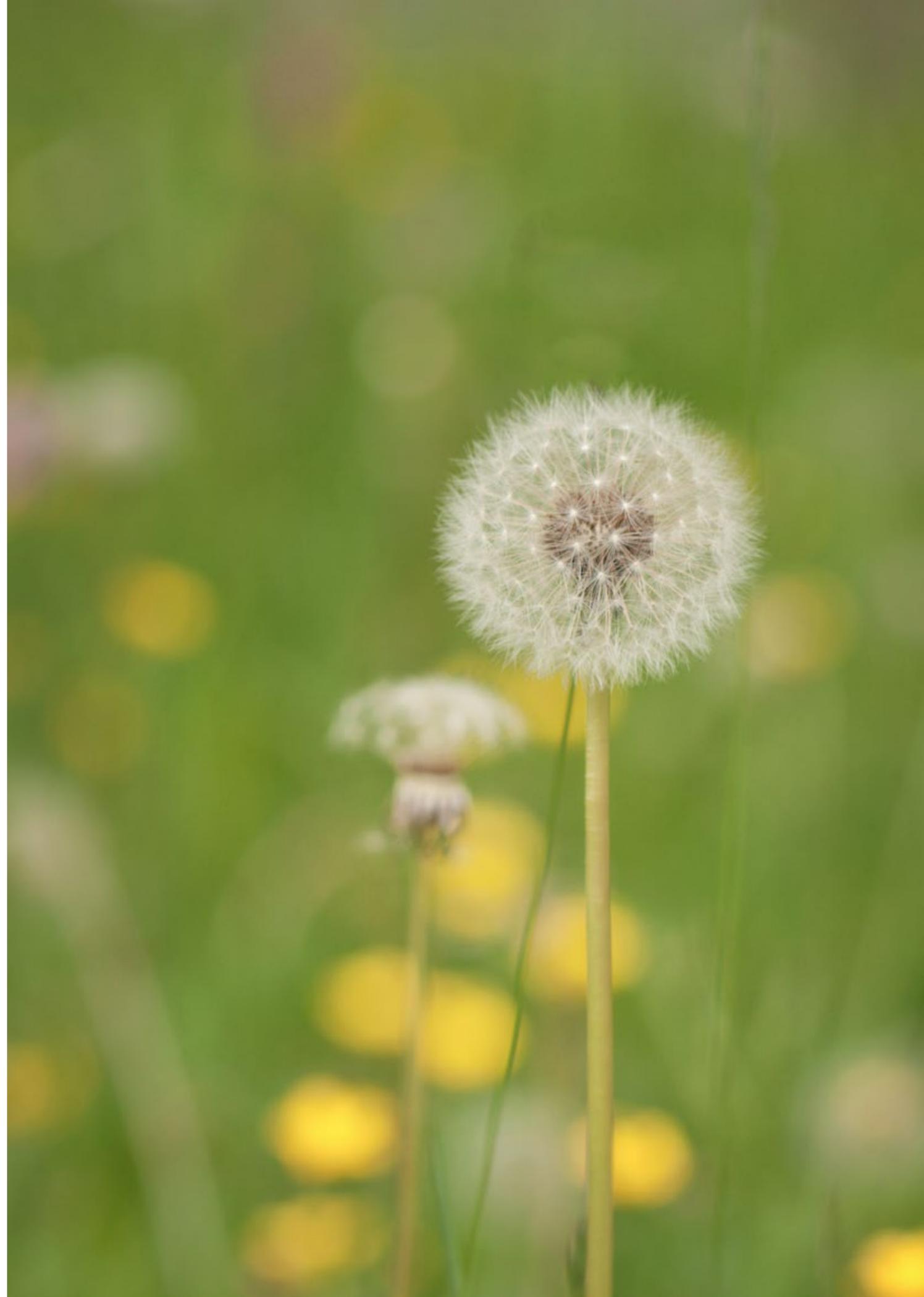
Part 1: Profile of Small Grants Programmes

This section offers a snapshot of the Small Grants Programme landscape over the past four years. It is based on information provided by interviewees and because of their significance, historic data in respect of the AIB Better Ireland Awards. It shows that the Small Grants Programmes environment is extremely dynamic and that there exists a diverse range of organisations involved each with its own unique approach. Common characteristics are identified amongst clusters, within a typology framework, from which learning can be derived.

Overview

The profile of Small Grants Programmes needs to be considered in the context of the totality of philanthropic giving, and the income of the voluntary and community sector. The Report of the Forum on Philanthropy and Fundraising (Forum on Philanthropy, 2012) has estimated the current level of philanthropic giving in Ireland to be of the order of €500m per year, of which some €80m is estimated to emanate from around 30 indigenous trusts and foundations. The Wheel's Portrait of Ireland's Non-Profit Sector (The Wheel, 2012) suggests that only 3% of income in the sector is derived from trusts and foundations. It must be noted that this represents an average figure across the entire non-profit sector and proportionately for smaller organisations the percentage will be considerably higher.

Our research identified 9 organisations operating 16 Small Grants Programmes[1], making some 969 awards in 2012, with a total value of €3.14m. Small Grants Programmes therefore currently constitute approximately 4% of total annual grant making from trusts and foundations. However if the estimated 85% of that total provided by The One Foundation and The Atlantic Philanthropies is removed, Small Grants Programmes become relatively more significant – increasing to over 25%.

Number and Value of Small Grants Programmes in Ireland

The number and value of Small Grants Programmes awards over the past 4 years are shown in Figure 1 and Figure 2.

Over the last four years the number of grants awarded under Small Grants Programmes peaked in 2009 at 1,429, falling in the next two years to a low of 859, but recovering slightly in 2012 to 969. The total value of awards under Small Grants Programmes however peaked in 2010 at €4,187,715 and fell to a low over the four years in 2012 to €3,140,943.

The termination of the AIB Better Ireland Awards Scheme was a significant blow removing more than 40% of the Small Grants Programmes capacity (€1.8m and over 500 awards) between 2010 and 2011. The impact was partially offset by the return of the The Ireland Funds into the Small Grants Programme arena, and the establishment, by The Community Foundation for Ireland, of a number of other new Small Grants Programmes.

Figure 2 shows the scale of the respective Small Grants Programmes which ranged from €15,000 to €1.8m.

From Figure 2 it can be seen that more than two thirds (€2.13m) of the total value of all awards is delivered through three Small Grants Programmes.

The range in value of respective Small Grants Programmes is shown in Table 1.

Most Small Grant Programmes operated within an upper limit of €10,000 and in practice awards over €5,000 tended to be the exception. As can be seen from Figure 3 the average size of grant peaked in 2011.

Small Grants Programmes covered a broad range of areas of interest[2] but tended to focus on disadvantaged communities, marginalised and excluded groups, and in some cases specific geographic areas (Dublin, Dingle, Rosslare, Kildare, Meath). Some organisations differentiated this through the administration of discrete thematic or area-specific Programmes. The increase in the number of Programmes has been as a result of multiple Programme delivery rather than new organisations coming into the field as shown in Table 2 overleaf.

Most Small Grants Programmes were national, however four of the 16 in 2012 had a specific geographic focus, with a combined value of €330,000 (10% of the total), and three operate on an all island basis, with a combined value of €1,891,000 (60% of the total).

Success rate (number of awards expressed as a % of the total number of applications) varied significantly across the Programmes, ranging from 4% to over 80%. This was related to a number of factors including:

- approach/style of grant-making
- general awareness/accessibility and
- Programme focus.

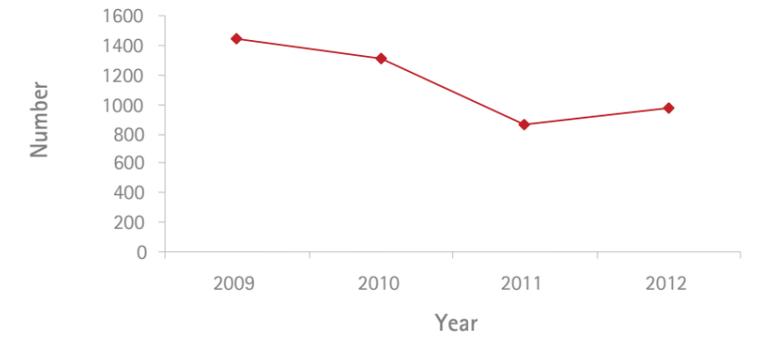The average across all Programmes in 2012 was 27%.

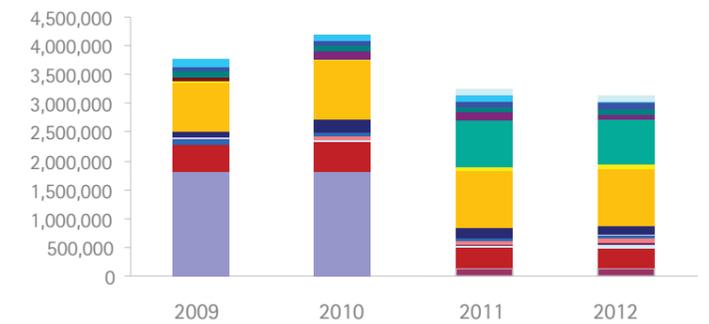Fig. 1 Number of Awards made from Small Grants Programmes 2009-2012.

Fig. 2 Number & Total Value of Small Grants Programmes 2009-2012.

Small Grant Programme Value	Number of Programmes by Year			
	2009	2010	2011	2012
Less than €99,000	4	8	6	8
€100-€499,000	5	3	8	6
More than €500,000	2	3	2	2

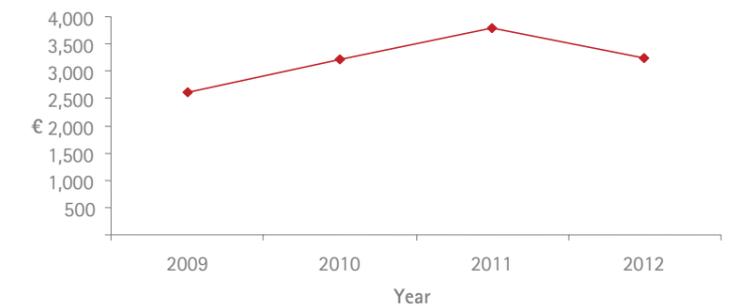Table 1: Range of Value of Small Grants Programmes 2009-2012.

Fig. 3 Average Grant Size from Small Grants Programmes 2009-2012.

[1] Coca Cola (Thank You Fund); Cork Street Fund; Dublin Bus (Community Spirit Awards); ESB (Electric Aid Ireland' Electric Aid International – in Ireland); Irish Youth Foundation; Mercy Solidarity Trust; St Stephen's Green Trust (General Grants Scheme, Darndale Belcamp, Survivors Scheme); The Community Foundation for Ireland (Grassroots Grants Scheme, LGBT Programme, Women's Fund, Community Growers, OLC Ireland Trust); The Ireland Funds.

[2] Arts and culture, care of the homeless, community development, community gardens / allotments, disabilities, education, environment and local communities, ethnic minorities, empowering women to take leadership roles, families at risk, integrating new communities into Irish Society, mental health, LGBT issues, older people, peace and reconciliation, prisoners ex-offenders and their families, sick poor and needy, sport, suicide prevention and counselling, survivors of institutional abuse, women affected by addiction, prostitution, trafficking, violence and abuse, youth and youth carers.

The field although small is extremely diverse. It was evident from the information and data provided (in various grantee surveys and Programme evaluations and reports) and discussions with programme managers that the sharper the focus of the programme, and clearer the criteria, the more efficient in terms of reduced rejection rate. Furthermore it was recognised that there was greater potential to acquire and utilise knowledge in particular areas of activity. One applicant / grantee survey which indicated a preference to keep guidelines loose must be interpreted with caution and in the context of very limited supply, and hence risk of exclusion from access to Small Grants Programmes if criteria were tighter.

A Typology Framework of Small Grants Programmes

An attempt has been made to breakdown the profile in order to identify some common characteristics within the marketplace from which learning may be derived.

This has been developed from interviews, grant application forms and guidance notes, and programme reports and evaluations. The scatter chart, Figure 4, locates current and previous Small Grants Programmes within a typology framework bounded by the degrees to which they are focused (geographic or thematic) and reactive to need or designed to generate learning.

Number of Programmes by organisation	Number of organisations			
	2009	2010	2011	2012
1	5	5	6	6
2	3	2	1	1
3	0	0	1	1
4	0	0	0	0
5	0	1	1	1

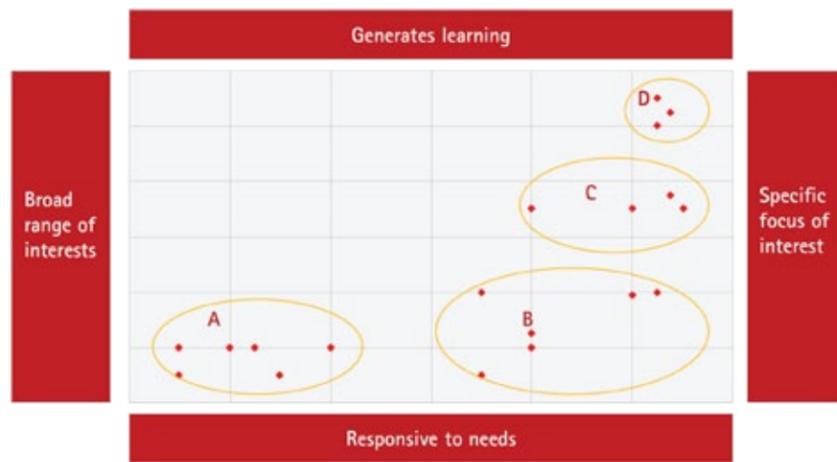Table 2 Number of Small Grants Programme by Organisation 2009-2012.

Fig. 4 Current and previous Small Grants Programmes set in Typology Framework.

The clusters A, B, C, and D identified above display the following common characteristics of philanthropic funders:

A: High volume, easy access, broad criteria, high levels of rejection.

B: Lower volume and lower rejection rate, targeted to reach particular geographic or communities of interest.

C: Niche programmes with a strategic interest in the particular area or community of interest with some added value support.

D: Designed for learning with a primary objective of informing policy and practice, normally lower volume with high success rates. Often transient and delivered in partnership with sector specialists involving significant added value activity e.g., networking, developmental support, programme level evaluation.

Profile of Small Grants Programmes: Conclusions

- Our research identified 9 organisations operating 16 Small Grants Programmes, making some 969 awards in 2012, with a total value of €3.14m.

- Most Small Grant Programmes operated within an upper limit of €10,000 and in practice awards over €5,000 tended to be the exception. The average grant award from Small Grants Programmes in 2012 was €3,241.

- The increase in the number of Programmes from 11 in 2009 to 16 in 2012 has been as a result of multiple Programme delivery rather than new organisations coming into the field.

- Small Grants Programmes covered a broad range of areas of interest but tended to focus on disadvantaged communities, marginalised and excluded groups, and in some cases specific geographic areas.

- Success rate (number of awards expressed as a % of the total number of applications) varied significantly across the Programmes, ranging from 4% to over 80%. The average across all Programmes in 2012 was 27%.

- The field although small is extremely diverse and it was evident that the sharper the focus of the programme, and clearer the criteria, the more efficient in terms of reduced rejection rate.

- A typological framework shows clusters of grant programmes displaying common characteristics which may be useful when considering Small Grant Programme design and approach to implementation.

Part 2:
Learning & Best Practice

This section highlights the dilemmas funders face when choosing how best to allocate resources and identifies factors which inform Small Grants Programme design and approach to implementation. Examples of good practice are presented and recommendations are made in relation to the promotion and implementation of effective Small Grants Programmes.

Small Grants Programmes in Context

With the voluntary and community sector facing the combined impact of contraction in funding (particularly from the state), and increasing demand for services, the role of trusts and foundations will become proportionately greater. Brian Harvey in his review for ICTU (Harvey, 2012) refers to the 'perfect storm' facing the Voluntary and Community Sector. It is obvious therefore that as Government funding diminishes, Voluntary sector organisations will need to source alternative sources of income.

According to INKEx (INKEx, 2012) grants are 'by far the biggest source of income for non-profits'. It was noted however that while these might be reported as grants, in fact, they may be more properly considered as contracts for services. As evidenced

in Great Britain (Ainsworth, 2012) a shift to contracting services from the voluntary and community sector, is further threatening public sector grant-making.

The Grant Thornton survey of Non-Profits (Grant Thornton, 2012) reveals that most sources of funding, outside of government funding, have scored as being more important in the last year or two. Some 61% of respondents indicated 'other grants and sponsorship as being more important now than a year or two ago'.

The low density of trusts and foundations in Ireland however is a serious limiting factor, with there being only 0.7 charitable foundations per 100,000 head of population, compared to the European average of 20 (Forum on Philanthropy and Fundraising, May 2012). It is recognised that trust and foundation funding cannot possibly substitute for

the major contraction in income, but will fit within a restructured sector, in which Small Grants Programmes will play a greater part.

Trends in philanthropic giving in Ireland, for example as demonstrated by the approaches of the One Foundation and The Atlantic Philanthropies, and elsewhere, in particular in Great Britain (Grant, 2012; Seal 2011) and the US (Huang, 2006; McGee, 2010), suggest a shift towards larger scale, multi-annual, and more strategic funding, with a focus on impact. In a recent review of Philanthropy in Ireland (McKiernan, 2012) the legitimate question is posed 'do funders want to invest in fire fighting work or to tackle the root causes of inequalities and suffering?' The danger associated with an over-emphasis on strategic philanthropy, where 'the fundamental tenets are that funders and their grantees should have clear goals, strategies based on sound theories

of change, and robust methods for assessing progress toward their goals', and, in particular, the potential to stifle responsiveness to new ideas and new organisations, is highlighted in a recent article in Non Profit Quarterly, (Scanlon, 2013).

Small Grants Programmes must be considered in this context and in the context of the slowly evolving debate on philanthropy. It will be important therefore that the significance of Small Grants Programmes is understood and all of the potential added value is realised. This, as explored below, extends beyond their financial capacity.

All funders face a complex dilemma when allocating their resources – how to structure their funding in order

to achieve their objectives whilst meeting demand in an efficient and effective manner. As Julia Unwin points out in her seminal work 'The Grant-making Tango' (Unwin, 2004) it is essential that grant-making organisations know what sort of a funder they wish to be (reactive, interventionist, compensatory) and what impact they wish to achieve (supporting services/activities, building institutions, systems change) from the outset, as this will determine the design and implementation of their programmes. In practice some funders may be a combination of the above and design programmes accordingly.

Of critical importance is to consider what works best for grantees. While defining criteria and programme

parameters, it is important to constantly review them through the lens of a prospective applicant, and to consider both the process and the product.

Advantages & Disadvantages of Small Grants Programmes

It is worth considering the general advantages and disadvantages of Small Grants Programmes from both the grant-maker and applicant's perspectives, as set out below. This has been developed from issues raised in interviews and desk review including that of practice elsewhere (Brick 2012; Saxton 2012, Light 2004).

Grant-maker:

Advantages

- Simple application and decision making process
- Reaches grass roots and broad range of needs
- Significant but manageable impact on small organisations
- Provides wide pool of experience for learning
- Potential to attract donors
- Spreads risk

Disadvantages

- Administrative burden (particularly if not geared up appropriately e.g. on-line application and appropriate grant-making software)
- Can be overwhelmed by demand
- Spreads resources thinly and difficult to measure impact
- Relatively high transaction costs

Applicant:

Advantages

- Wider choice amongst range of independent funders each guided by their own respective values and principles
- Easy access
- Relatively quick processing
- Potential to test and scale up

Disadvantages

- Perceived as a lottery
- Applicants may need to seek funds from multiple sources
- Dissatisfaction through rejection

The challenge in implementing a Small Grants Programme is to minimise and/or overcome the disadvantages and exploit the positive aspects outlined above, this is largely down to the way in which a programme is designed and delivered.

There is a range of factors which determine the relative merits of small and large grants programmes. It can be argued that large grants are more efficient and can be more effective by achieving greater impact through their concentration of resources and focus. It can equally be argued that small grants release potential, reach people and communities that larger grants don't, and broaden the base of knowledge.

The important point is that the grant is the right size for the applicant, and that grant-making programmes are structured to deliver accordingly.

Three primary factors may be considered to influence the decision to run a Small Grants Programme and inform operational practice as illustrated in Figure 5.

Supply-side

Supply relates to the availability of financial and other resources. Most obvious is the amount of money available for grant-making. However, this factor alone should not determine whether or not it is distributed via a Small Grants Programme. Evidence from interviewees shows that current Small Grants Programmes in Ireland range in scale from €20,000 to €1m and the number of awards per programme ranges from 11 to 300. The total supply in value and quantity of awards from Small Grants Programmes has fallen by some 25% from its peak in 2010. However it is promising that there has been a slight increase in the number of Small Grants Programmes which suggests a strengthening of the infrastructure

Fig. 5 A Paradigm of Philanthropy – Small Grants Programmes in Ireland.

and capacity in this area. It is impossible to escape from the fact that Ireland lags behind the UK and the rest of Europe in the number of grant-making trusts and foundations per capita (Forum on Philanthropy, 2012). This particularly limits the supply of Small Grants Programmes and the total grant-making capacity.

The allocation of sufficient financial resources to provide for adequate operational processes is critical and may be offset by the availability of other resources – which may include in-house capacity, access to a pool of expertise, pro bono support, volunteers, local infrastructure e.g. branches.

In some cases it may be appropriate to develop partnership arrangements with other organisations in order to bring together the required elements of supply. This can range from informal collaboration for example sign-posting, transferring applications, and co-funding, through to formal collaboration in a funding and delivery partnership (Learning #1).
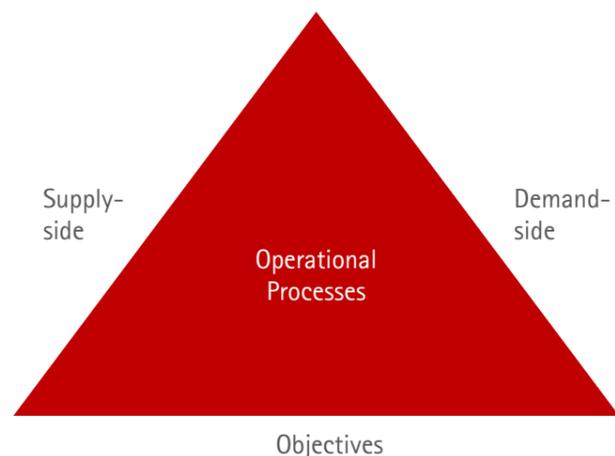
Supply can be significantly influenced by practice and there is no better way of attracting new, and more resources from donors, than by providing evidence of impact and demonstrating the change brought about through a grant. Intermediaries play a vital role gathering such evidence and ensuring that it is translated into knowledge which can then be disseminated appropriately and used effectively – whether to demonstrate impact in a sector or to highlight a particular project or approach.

Credible evidence of impact can help demonstrate the value of a structured approach to grant-making and attract new donors thus contributing to increasing supply (Learning #2). Whilst there is merit therefore in reaching a diverse array of projects it is essential that there is a systematic approach to gathering evidence that will be of value. It should be noted however that there are significant costs and resource implications associated with this, for both the grant-maker and grantee and the imposition of requirements for gathering evidence and reporting impact must be dealt with sensitively and in proportion to the size of any grant.

Demand-side

There is much evidence from grantee surveys, and from data provided by grant-makers on the number of applications, that there is a need specifically for easily accessed Small Grants Programmes. Currently, on average, 3 out of every 4 applications are unsuccessful so there is considerable un-met demand. Whilst it is acknowledged that some applicants will apply to several Programmes, anecdotal evidence from interviews suggests that this is

a relatively small proportion. Small Grants Programmes provide access to valuable, and in many cases significant, financial support, in particular for small organisations. A Community Foundation for Ireland Grantee Survey in 2012 (based on 288 responses) and other feedback from interviewees suggested that there is demand for Small Grants Programmes in areas not currently well provided for such as advocacy, consequences of economic downturn (unemployment/mental health/advice), and in early years work. Sector research also continues to highlight the need for Small Grants Programmes to address a range of persistent social issues. Understanding the needs of grantees and the funding environment is an essential starting point for any grant-maker. (Learning #3).

Demand is critical to informing grant-making strategy. In 2012, The John Ellerman Foundation surveyed grantees in order to compare its practices against the best role-models in the grant-making sector. This together with independent research conducted by NfP Synergy resulted in a report (Saxton 2012) on what charities think a model grant-maker looks like. This shows that many charities think more unrestricted funds and funds for core costs would mean they could put the money where it is most needed, allowing the grant to have more of an impact. This would benefit grant-makers and charities and, most importantly, the beneficiaries.

The report (which is based on the grantee perspective) concludes that there is potential in further exploiting the knowledge assets of grant-makers, particularly specialist grant-makers. It also concluded that to date too few grant-makers have used the reports from individual grantees to help their own wider grant-making communities, let alone those of all charities that apply to them.

A series of Hallmarks of a Good Grant-maker are proposed by NfP Synergy, which are presented in Annex 4 as they reflect and concur with much of the analysis and assessment emanating from this research.

Objectives

Grant-maker objectives vary across a spectrum from spreading funding to reach as many groups, people, or places, as possible on the ground, through to being a catalyst for change around a particular issue. It is important that there is clarity of purpose from the outset to ensure that the Small Grants Programme can be designed and delivered appropriately. John Healy, in his paper to the TCD Non-profit Summer School (Healy, 2009), cited three main roles for philanthropy:

i. To act as a force for change and reform

ii. To give voice to the voiceless and to espouse unpopular causes

iii. To strengthen the non-profit sector

Niall Crowley (Crowley, 2009) in response to this paper confirmed the need 'to expand philanthropic giving, to secure the role of philanthropy as a force for progressive social change' and suggests that it should address both solidarity and inequality. Small Grants Programmes can contribute to each of these roles and derive learning that informs both policy and practice.

Much can be learnt in particular areas of work by funding a diverse range of organisations and activities. The key however lies in consolidating this learning and sharing it with funders and practitioners, or indeed using the acquired knowledge to contribute to fundraising or to inform future grant-making and/ or influence policy (Learning #4). Some funders specifically built in learning opportunities within their Small Grants Programmes, providing the opportunity for grantees to engage with others operating in similar fields. This however tended to be associated with highly targeted programmes.

It was more often the case that there was insufficient capacity to draw lessons from activities and outcomes of Small Grants Programmes.

High volume grant-makers, in particular, admitted that they could not devote sufficient time to systematically analyse feedback and reports from grantees in order to draw lessons. However those engaged in fund raising as well as distribution did utilise the large pool of grantees and their experience to attract and inform a wide range of donors and potential donors, drawing out specific examples as required.

There is evidence of initiatives (such as the Yellow Flag Programme, Music Generation, The Parent and Toddler Group Initiative) receiving their initial funding from Small Grants Programmes , progressing from pilot/ development stage and then up-scaling to mainstream public funding or benefiting from a major private donor investment.

Learning #4: Learning from Small Grants Programmes to inform Policy & Practice

The Minority Kids Fund was a once-off fund created by the One Foundation to support the inclusion of minority children into mainstream child and youth organisations throughout Ireland.

The fund was set up in recognition of the need to learn from other European Countries and avoid having an alienated, disenfranchised group of second-generation ethnic minority children. The aim was to prioritise active outreach and learn the lessons already known about how to do this well. At the time in Ireland, there was little evidence of ethnic minority children and young people being engaged in mainstream youth and children's organisations, so the aim of the fund was to catalyse activity and draw together the people and organisations leading out in developing practice, to capture and share the lessons learned.

The Fund amount spent was €525,735K. It was segmented into two categories; 1) grants between €20-€100K (54% of fund spend in the amount of €285K) and 2) grants €1-€20K (46% of fund spends in the amount of €240K). The original fund was €300K but it was recognised that by enlarging the fund, learning could be captured from different approaches and settings which would point to what works best and provide a greater understanding of the challenges to be overcome. Projects funded ranged from in school to out of school situations, from outreach type activities to strategy development which in itself accounted for 7 out of 17 of the grants awarded. The experience of a small grants programme generated some learning for the One Foundation in terms of approach; both expectations and what can be realistically achieved. Of the initiatives piloted, Yellow Flag was rolled out and continues to scale.

Operational Processes

An extensive survey of grantees conducted by the Center for Effective Philanthropy in the United States (Bolduc, 2006) highlights:

- the importance of developing better relationships with grantees

- improving understanding and support of partnerships/ collaboration, and

- adjusting social change models and internal structures and systems

Over and above issues of scale or type of funding, these should thus form a backdrop for the development of any small grants programme. In practice this means that Small Gants Programmes, just as any type of Grant Programme, demands efficient and effective operational processes.

Whilst in most cases application and reporting procedures for small grants programmes are simple, there are costs for applicants involved in identifying funders, preparing applications, managing their grants, and reporting to funders. Similarly for funders there are costs associated with programme design and promotion, assessment, management, and learning.

There exists an inherent inefficiency in the process of applying for and distributing small amounts of money as illustrated by research from the United States (Bolduc, 2006) which showed that while the average time spent on applying for and monitoring a $100,000 grant as opposed to a $10,000, almost doubled, the amount raised per hour of administrative time increased more than five-fold, and for a $1,000,000 grant this increased to over 30 times. A similar formula could be applied to the grant-maker's distribution time and costs.

Other factors are deemed to outweigh inherent transaction inefficiency of Small Grants Programmes. Well designed Small Grants Programmes can be highly effective in reaching target groups, and adding value through learning, thus justifying the relatively high cost (per € awarded) of implementation.

The Katharine Howard Foundation (Katharine Howard Foundation, 2009) developed and tested a Small Grants Scheme which not only provided strategic small grants over two years but also ensured that the scheme was taken up as part of child and family support policy (Learning #5).

The cost of implementation in many instances should not be considered merely administrative cost or programme overhead but as a developmental input with a defined outcome.

It remains however in the interests of both grant-makers and grantees to strive to reduce transaction costs, and in particular the cost of rejection, by acting at source to reduce the number of applications that are ineligible from the outset, resulting in less wasted effort for both parties. This can be achieved by providing clear information about the programme, tightening criteria, being open to discuss applications prior to submission, and using on-line processes that prevent submission of ineligible applications (Learning #6). Two stage processes which are becoming increasing popular amongst grant-makers and applicants are probably only relevant for highly targeted programmes seeking to support a small cohort of projects.

Simple procedures may however quickly transform into major administrative challenges when multiplied by a high volume of enquiries and applications which are likely to be concentrated at particular

Learning #5: Developing & Testing a Small Grants Scheme

The Parent and Toddler Group Initiative (2006-2008) represented a partnership between the Katharine Howard Foundation and the Office of the Minister for Children and Youth Affairs. The initiative released public funding and support for a strategic small grants programme which was designed to influence practice and child and family policy. The Katharine Howard Foundation designed and developed the scheme which supported 569 groups, allocating funding of €451,118 and importantly was able to hand over a database of all parent and toddler groups in the country, information packs and guidelines for groups, and a well developed and structured initiative for mainstream funding through City and County Childcare Committees.

points in time e.g. submission deadlines and around decision making fora. It is essential that systems and processes are appropriate and fit for purpose.

A review of a guidance document published by The Wheel (The Wheel, Nov 2012) is recommended. Whilst targeted at applicants this sets out 10 reasons why applications succeed and 10 reasons why they fail, which may help funders identify areas in their programme design and communications which could be improved.

A number of other web based resources are available for grant-makers and are listed in Annex 5.

Learning #6:
Refining processes to improve efficiency & effectiveness

ESB Electric Aid Ireland is an example of a Corporate Social Responsibility initiative which has been effective as a targeted Small Grants Programme. Set up in 2005, staff were involved in the selection of its two priorities: Care of the Homeless and Suicide Prevention and Counselling. Having completed two, 3-year terms with an annual allocation of approximately €1m, an extension was granted for a further year. Considerable knowledge of the sector in the two priority areas has been built over the years (which has been used to inform practice, including advice and guidance for applicants, and improve decision-making) and relationships developed with grantees. Review and consultations are underway to determine the initiative's future for 2013 and beyond. There is the prospect that new priorities will be identified, for example addressing the impact of the economic downturn, which will require the development of expertise and relationships in new fields of work. Nonetheless the experience of operating a well managed Small Grants Programme will no doubt carry through, in particular in respect of the clarity of information on the programme, well defined criteria, and streamlined procedures.

Recommendations

The recommendations presented below have been developed in response to the analysis and conclusions drawn in the previous sections. They focus on practical action that can be taken by existing and prospective Small Grants Programme providers and by Philanthropy Ireland.

Learning and Good Practice: Conclusions

- The voluntary and community sector is in the midst of the 'perfect storm' of reduced public and private funding, and increased demand for services.

- It is recognised that trust and foundation funding cannot possibly substitute for the major contraction in income, but will fit within a restructured sector, in which Small Grants Programmes will play a greater part.

- There is a shift in philanthropy (as experienced in the US and in UK but now extending into Ireland) towards larger scale, multi-annual, and more strategic funding. Small Grants Programmes must be considered in this context and in any evolving debate on philanthropy.

- All funders face a complex dilemma when allocating their resources – how to structure their funding in order to achieve their objectives whilst meeting demand in an efficient and effective manner.

- The advantages and disadvantages of Small Grants Programmes from both the grant-maker and applicant's perspectives should be considered – taking into account objectives, demand side factors, and supply side factors, which collectively inform operational processes.

- Supply relates not only to the money available for grant-making but also the financial and non-financial resources required to administer a grants programme. There is a need to increase supply in respect of both the number of Programmes and the total grant-making capacity.

- Collaboration and partnership can help bring together the required elements of supply.

- Generating credible evidence of the impact, highlighting the added value of a structured approach through Small Grants Programmes is helpful in efforts to increase supply.

The analysis and conclusions point to three main areas for action. These relate to creating the conditions for an effective 'market' for Small Grants Programmes and then developing practice most appropriate to that market.

Firstly, as identified in the Profile of Small Grants Programmes there is a lack of supply – in both the number of providers and total volume of Small Grant Programme grant making capacity. The value of awards being made has fallen by almost 25% from its peak in 2009. Furthermore there is proven excess of demand, evidenced by the high volume of applications and subsequent overall rejection rate of 73%. This is unsatisfactory for both applicant and grant-maker. The low density of trusts and foundations in Ireland further exacerbates the supply issue as not only has the case

to be made for increasing organised philanthropy, but specifically the case has to be made for Small Grants Programmes.

The analysis of Learning and Good Practice highlights the advantages and disadvantages of Small Grants Programmes, and whilst it remains the prerogative of the grant-maker to decide whether or not to run a Small Grants Programme there is sufficient evidence provided, (taking into consideration the respective factors of supply and demand) to suggest that Small Grants Programmes make a valuable contribution, in a range of ways, to meeting needs in the voluntary and community sector. However there needs to be more of a case made and this leads to the second set of recommendations around understanding needs and demand and clarifying objectives.

Finally, it is clear from the profile analysis and issues arising in relation to learning and good practice, that there is scope for the development of processes and products. The inefficiency of high levels of rejection must be dealt with, as must the stress and in some cases ineffectiveness of being overwhelmed by applications. Furthermore it is clear from the analysis of practice that genuine learning opportunities, from the experience of grantees, are being missed. Whilst it is acknowledged that one applicant survey indicated that there was a preference for keeping guidelines loose, there is much evidence from the experience of others in Ireland and practice elsewhere that, albeit in situations where there is a greater diversity of supply, that more focused criteria and guidelines do result in more efficient and effective grant-making.

Recommendations for action are set out under three areas:

1. Increasing supply.
2. Understanding needs and demand and clarifying objectives.
3. Improving processes and products.

1. Increasing supply

It is recommended that there is a concerted effort to increase the number and total value of Small Grants Programmes through the following:

i. Promoting Small Grants Programmes within the framework of the Forum on Philanthropy and Fundraising recommendations.

If a small fraction, say 1% of the targeted increase in philanthropic giving described in the Forum on Philanthropy and Fundraising report was allocated to Small Grants Programmes, the total value could be doubled from its current level to €6m. This could be achieved using existing vehicles (either through contributing to existing funds, or the creation of new funds) or through establishing new Trusts. This is consistent with the Forum's view 'to attract greater funding from philanthropy and corporate investment, it is critical that there is an appropriate infrastructure to facilitate philanthropy and investment...'. Organisations operating Small Grants Programmes can thus play their role as 'proactive and engaged intermediaries'. Indeed the potential of Small Grants Programmes, as demonstrated by The Ireland Funds through its 'Small Grants – Big Difference' campaign, to stimulate fundraising should be exploited as a feature of any National Giving Campaign. It could be argued that this is needed to counter-balance efforts to encourage big gifts and improve

fundraising, which will have limited impact on small community-based organisations.

Small Grants Programme providers must contribute to making the case for Small Grants Programme and provide evidence of the value of their role as 'proactive and engaged intermediaries'.

Philanthropy Ireland and relevant members should continue to build awareness and understanding of the value of Small Grants Programmes in informing the work of the Forum for Philanthropy and Fundraising.

ii. Identifying opportunities where Small Grants Programmes can act as pilots or demonstration exercises.

Small grants programmes should not be considered in isolation from larger scale or mainstream funding and where appropriate, connections should be made.

Grant-makers should consider how Small Grants Programme could add to their portfolio and in particular contribute to the effectiveness of other grant programmes.

Philanthropy Ireland could champion Small Grants Programmes as being a valuable test bed for learning, and promote the role of its members as delivery agents.

2. Understanding needs and demand and clarifying objectives

It is recommended that a collective understanding of the funding environment and funding needs is developed. This could be achieved by:

iii. Organising a symposium of grant-makers to share their respective experience specifically of Small Grants Programmes and to discuss future strategies and priorities.

Opportunities for grant-makers in Ireland to exchange knowledge and experience, and to learn from each other are limited. Most grant-making organisations operate in isolation from one another, however there are a few exceptions, where productive collaboration has emerged. A symposium focusing on Small Grants Programmes might encourage organisations that do not usually engage with Philanthropy Ireland to participate.

Funders considering operating Small Grants Programmes should seek advice and guidance from those experienced in the field.

Philanthropy Ireland could take the lead by facilitating and organising a symposium from which an on-going networking strategy could emerge.

iv. Commissioning research on behalf of all grant-makers and sharing / discussing findings.

Funders have in the past independently commissioned research to identify needs and to inform their grant-making programme design. There would be both efficiency saving and value added through collective commissioning and consideration of such research.

Grant-makers could share research and consider implications collectively.

Philanthropy Ireland could lead on behalf of the membership in the commissioning and consideration of research on funding needs.

3. Improving processes and products

As highlighted in the report it is essential that grant-making organisations know what sort of a funder they wish to be (reactive, interventionist, compensatory) and what impact they wish to achieve (supporting services/activities, building institutions, systems change) from the outset, as this will determine the design and implementation of their programmes. In practice some funders may be a combination of the above and design programmes accordingly. The respective advantages and disadvantages of Small Grants Programmes should be considered from both the grant-maker and applicant perspective.

It is recommended that Small Grants Programmes providers review their processes and products in order to achieve better matching of supply and demand, whilst realising their objectives; ensure greater coherence amongst their respective Programmes; and in particular to reduce the number of applications that are likely to fail by encouraging fewer but more appropriate applications. This might be assisted by:

v. Reviewing practice against the Hallmarks of a Model Grant-maker (Annex 4).

The Hallmarks provide a simple framework for self-assessment or peer review.

Grant-makers should review their practice against the Hallmarks as a starting point for self assessment.

Philanthropy Ireland could develop its web site as a knowledge hub for existing and potential grant-makers, hosting resource material, along with other learning products, and offering links to other relevant sites and sources of relevant information and good practice guidance.

vi. Improving the way that applicants find and apply for grants.

Whilst there is merit in maintaining a diverse economy of Small Grants Programmes there is scope for improving knowledge of what is available and facilitating access. Furthermore this will help improve the efficiency and effectiveness of the totality of Small Grants Programme provision. This might be achieved by for example:

- Creating a web portal providing links to all Small Grants Programmes (perhaps a Small Grant Programme section of Fundingpoint.ie website);

- Exploring the possibility for the development of a demand-led approach (examples of this include Fundit.ie, the crowd funding platform, and LocalGiving.com, the UK portal for fundraising for small community based organisations); and

- Encouraging relevant organisations to develop and deliver training / support in applying to trusts and foundations.

Voluntary sector support organisations and Philanthropy Ireland could discuss how access could be improved and what support is required to enhance the quality of applications.

vii. Improving collaboration amongst operators of Small Grants Programmes.

With there being such excess of demand over supply there is significant potential in enhancing collaboration which avoids duplication of effort for example through:

- Transferring applications (including investigating the possibility of a 'clearing system' for those that have already been assessed but cannot be awarded a grant due to lack of funds);

- Co-funding using a transferred application amongst respective funders; and

- Accepting a single reporting procedure where there are multiple funders.

Philanthropy Ireland could highlight good practice and actively encourage further collaboration, through brokering the development of new effective working relationships.

Annex 1:

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Annex 2:

Philanthropy Ireland Small Grants Programme – Research Participants

Coca Cola (Thank You Fund)	Erica Roseingrave
Cork Street Fund	Susanna Murdoch
Dublin Bus (Community Spirit Awards)	Maria Brennan
ESB Electric Aid	James Foley
Genio	Fiona Keogh
Irish Youth Foundation	Niall McLoughlin
Joseph Rowntree Charitable Trust	Celia McKeon
Katharine Howard Foundation	Dr. Noelle Spring
Mercy Solidarity Trust, Southern Province	Sr. Maria Goretti
Royal Dublin Society (RDS)	Joanna Quinn
St. Stephen's Green Trust	Orla O'Neill
Social Entrepreneurs Ireland	Sean Coughlan
The Atlantic Philanthropies	Mary Sutton
The Community Foundation for Ireland	Tina Roche
The Ireland Funds	Jordan Campbell
The One Foundation	Eoghan Stack
The Wheel	Deirdre Garvey

Annex 3:

Gauge Ireland – Interview Framework

Introductions/ background

Introduce yourself and your role with Gauge Ireland.

Outline objectives of research

- To develop an understanding of what exists
- To provide practical guidance and learning

Working definition of SGP

A defined quantum set aside; A competitive call and clear process for application/ decision making; Max annual award of €25,000.

Interview Objectives

WHAT: What SGPs have you operated over the past 4 years?

The parameters of SGPs you have operated over the past 4 years with financial detail for 2009, 2010, 2011 and if possible an estimate for 2012 (total value of SGPs, number of applicants, value of applications, number of awards, value of awards).

[Gather any relevant document e.g. description of programmes, purpose, criteria, reviews / evaluations].

WHY: Why you run SGPs?

The overall rationale but in particular:

a. supply side factors: e.g. limited resources, spread, desire of Trustees etc

b. demand side factors: e.g. what voluntary orgs want/need, gap in market, etc

c. process factors e.g. simplicity, speed, less risk etc.

[Gather any relevant document e.g. analysis of the sector, consultations, minutes of board meetings, strategy papers, et al].

HOW: How do you run SGPs

What is the approach from programme design through promotion, application, decision making, monitoring, evaluation. What resources are required (in particular staff time) and what is the cost (cost / programme, cost /€ awarded). Is there any non-grant, value adding supports/activities?

[Gather any relevant documentation e.g. application forms, grant officer reports, letter of offer, monitoring forms and reports, analysis of costs of implementation].

LEARNING: What have you learnt from experience in respect of WHAT/WHY/HOW?

What challenges have been faced?; What has been changed? What challenges remain?; What new challenges do you foresee? [Gather any relevant documentation e.g. grantee feedback, reviews / evaluations, internal reports to trustees].

Any other comments in relation to the administration of SGPs?

Annex 4:

Hallmarks of a model grant-maker

Extracted from "Taking nothing for granted: A research report into what charities think a model grant-maker looks like" (Saxton, J., 2012).

What does the model grant-maker look like ?

Hallmark 1: up to date accessible information on grants

Charities find it extremely frustrating when they cannot find up to date information on grant criteria, or when their applications are rejected for reasons that could have been made clear before they applied. In the age of the internet, charities would like up to date information based on the actual criteria that are being applied. They also want to know whether particular funding streams are still available for a given financial year.

Hallmark 2: clear criteria with only limited flexibility

Charities do not like grant-makers that have only vague criteria or state they are for general charitable purposes. The difficulty for a charity is knowing whether a grant-making trust is the least bit interested in what they do. Charities need to know whether they should expend the effort to make an application. So in our survey by far and away the most common response was wanting clear criteria without too much or too little freedom.

Hallmark 3: quick decision making and short application moratoriums

Perhaps one of the bigger sources of difference between what the typical charity wants and the typical grant-maker offers is the speed of decision making and moratoriums placed on grantees after an unsuccessful application. Charities would like decisions to be made in three months or less, whereas they said that grant-makers typically take 6-12 months. Similarly they would like very short moratoriums if any at all: half of all charities want a gap of a year and the vast majority of the rest would like a shorter moratorium than a year.

Hallmark 4: two-stage application processes

One of the recent developments in the world of grant-making trusts is the two stage application. For the most part charities like this development, with two broad caveats. The first is that the initial stage is about the concept of the application and does not require them to do all the work for both stages in order to apply for the first stage. The second caveat is that the first stage has enough room to do justice to their application, and is not 'reductio ad absurdum'.

Hallmark 5: electronic not paper applications

One simple request from charities that should be good for grant-makers too is for applications to be made online or by email. Electronic applications reduce printing and paper waste, and make it very easy to let a charity know that its application has been received. And what is the point of printing a copy of an annual report when it can be sent as a pdf?

Hallmark 6: core funding not project funding

When charities were asked if they would take a smaller grant that was unrestricted in place of a larger unrestricted grant many of them said they would; particularly the smaller charities who placed a very high value on core funds. In the Open Forum, the participants said how restricted funds were typically more expensive to implement and harder to manage. The delegates at the Open Forum said that core funds were very high on their wish lists.

Hallmark 7: multi-year funding not single year funding

Alongside core funds, multi-year funding was also highly valued (this hallmark is derived more from the Open Forum and the interviews and there is no specific data supporting it in the earlier sections). The cost of constantly applying for grants was

one reason, but the certainty that a multi-year grant brought to small organisations was also a key issue. Charities think that more multi-year and core funding would make grant-makers' money go further and let charities focus on what they know works. As one charity said "It's often quite frustrating to constantly have to think of new and different when tried and tested works."

Hallmark 8: personal contact with knowledgeable staff or decision-makers

Charities like to know that there are real people at the grant-makers where they make applications. People who can be contacted and asked questions. People who know enough to understand the work of the charities who apply and the applications that reach their desk. For a charity putting in applications to, or even getting a grant from, a face-less void where correspondence is forbidden can be deeply frustrating. Charities also said they would like to build long-term relationships with grant-makers, as this would make both applications and reporting back easier.

Hallmark 9: good feedback on applications

Charities love constructive feedback – but any feedback is better than none. Charities told us of posting off parcels of paperwork and when 12 months later they had heard nothing, not even an acknowledgement, they wrote the application off as a rejection. Charities know good feedback is hard to give, but it helps

to know whether they are whistling in the wind or missing a grant by a whisker.

Hallmark 10: proportionate paperwork and processes

Perhaps the over-riding desire from charities is that all processes and 'paperwork' are in proportion. Making applications takes time and energy and so charities want the process (and the reporting back) to be in proportion to the potential reward. The bigger the grant, the more detailed the information required.

One of the issues that came out of the research is the potential for a win/win between charities and grant-makers. Fewer applications with a greater chance of success are good for both charity and grant-maker. Making funds go further must be good for both grant-maker and charity.

Hallmark 11: using knowledge and insight as non-money grants

Grant-makers have massive non-financial assets. They gather numerous reports from their grantees. Specialist grant-makers in particular can build up a formidable knowledge about what works and what doesn't (and many presumably use that in their grant-making decisions). We believe that a hallmark of a model grant-maker going forward will increasingly be to use their non-money assets, for the benefit of themselves and grantees, to great effect. This could be through seminars, through 'best practice' reports or a variety of other mechanisms.

Annex 5:

Resources for Grant-makers

Association of Charitable Foundations	www.acf.org.uk
Center for Effective Philanthropy	www.effectivephilanthropy.org
Directory for Social Change	www.dsc.org.uk
Funder Network	www.fundernetwork.org.uk
Fundingpoint	www.fundingpoint.ie
Fundit	www.fundit.ie
Grantcraft	www.grantcraft.org
Local Giving	www.localgiving.com
New Philanthropy Capital	www.thinknpc.org
NfP Synergy	www.nfpsynergy.net
Philanthropy Ireland	www.philanthropy.ie
The Wheel	www.wheel.ie