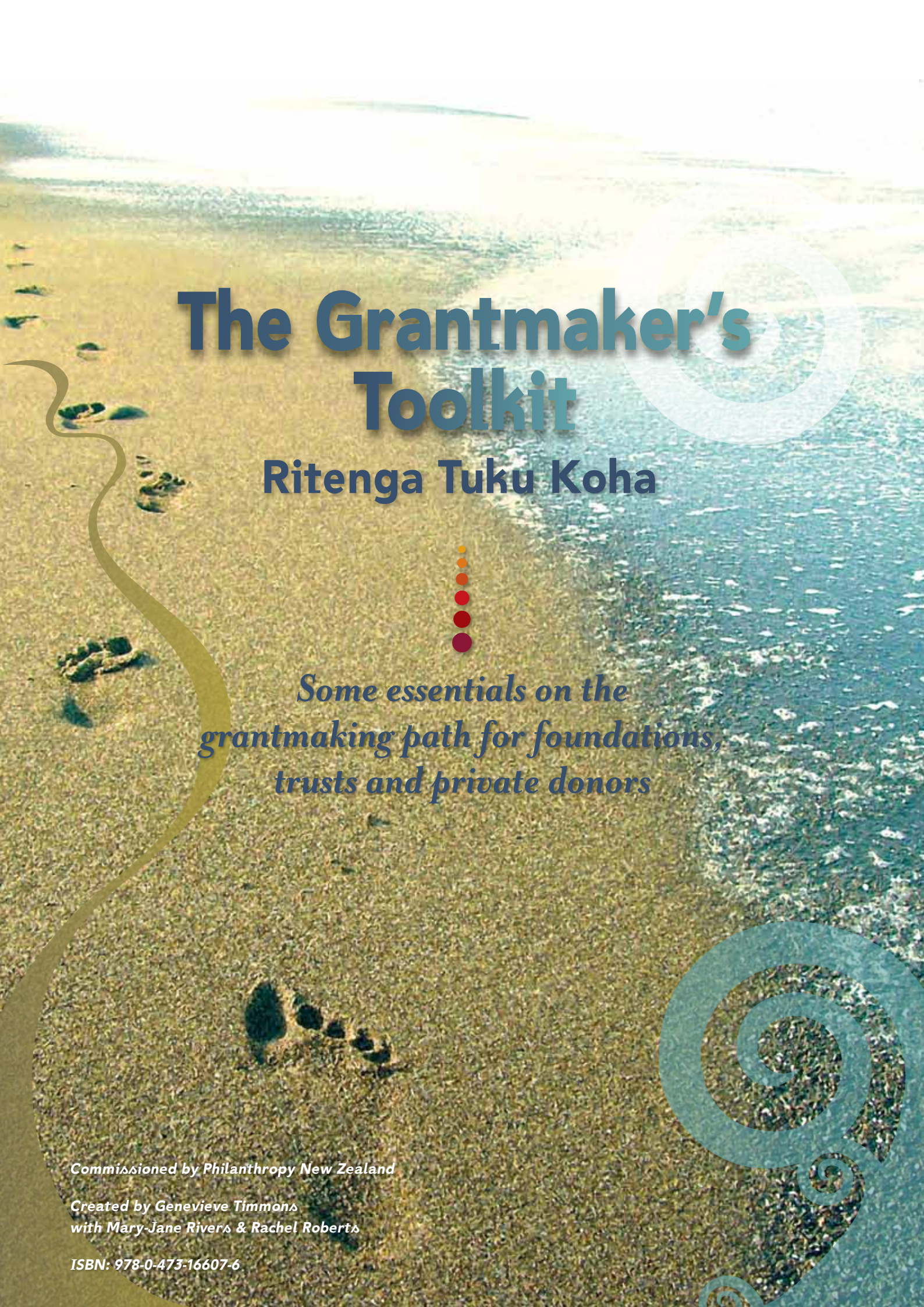

The Grantmaker's Toolkit

Ritenga Tuku Koha

Some essentials on the grantmaking path for foundations, trusts and private donors

Commissioned by Philanthropy New Zealand

Created by Genevieve Timmons with Mary-Jane Rivers & Rachel Roberts

ISBN: 978-0-473-16607-6

Dedication

Sir Roy McKenzie

"We make a living by what we get, we make a life by what we give." (Sir Winston Churchill)

A favourite quote of our much admired founding patron, the late Sir Roy McKenzie, in whose memory we dedicate this Toolkit.

About the author

Genevieve Timmons has been involved with philanthropy and grantmaking for over three decades. After eight years as a grant seeker chasing elusive philanthropic dollars, she became a grantmaker with the Reichstein Foundation in 1989, in Melbourne, Australia. Since then, Genevieve has planned, established and managed giving programmes with dozens of foundations, trusts, corporations and private donors. She has assessed thousands of funding proposals; carried out evaluation, forward planning and professional development with boards of trustees and staff in New Zealand and Australia; conducted briefings and seminars on the essentials of grantmaking; given presentations at numerous international seminars and conferences; and facilitated four major philanthropic conferences in New Zealand with Philanthropy New Zealand and the Community Trusts.

For two decades, Genevieve worked with grantmakers in both the New Zealand and Australian philanthropy sectors, while also maintaining international involvement with the Johns Hopkins International Fellows in Philanthropy Program.

During this time, she steadily built a collection of training resources and professional development materials on the art of grantmaking and philanthropy. This Toolkit is a groundbreaking collection of ideas, key concepts, models and guidelines, some have been adapted from the work of others, some originally conceived and refined over many years, all now available as a resource to share with colleagues and peers in the philanthropic world.

Published 2010 by Philanthropy New Zealand

ISBN: 978-0-473-16607-6

Philanthropy New Zealand is a national member organisation for grantmakers and philanthropists, and a leader in the continued development and refinement of grantmaking and philanthropy. This Toolkit is one method by which Philanthropy New Zealand aims to equip and inform its members, and promote the generosity of all people interested in giving. Philanthropy New Zealand exists to "foster, inspire and promote the interests of the philanthropic and grantmaking sector in New Zealand. Its activities include research, communication and education, and it aims to be a credible, influential and representative voice."

This resource is offered to its members and other grantmakers in New Zealand, and particularly seeks to encourage anyone considering grantmaking for the first time. The knowledge and wisdom of grantmaking will no doubt continue to build and accumulate in the decades ahead. This Toolkit is a snapshot of the many ideas and options available to us at this time.

Philanthropy New Zealand
Tōpūtanga Tuku Aroha o Aotearoa

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The toolkit was commissioned by Philanthropy New Zealand, consistent with their commitment to inspire generosity and promote thoughtful giving. Thanks to the many people whose ideas, growing pains and passion have influenced the content of this resource, especially those outstanding grantmakers who have blazed the trail and shaped New Zealand philanthropy in the 21st Century. We would like to acknowledge former Philanthropy New Zealand Chair, Jennifer Gill, for her wisdom, foresight and commitment to a vision that is now The Grantmaker's Toolkit.

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Foreword

At the heart of every philanthropist and grantmaker is the desire to make an impact – to build the social capital of our communities and our country.

For many philanthropists, grantmaking is a technical challenge, a creative opportunity, and a rare privilege to put into practice philosophical beliefs and hopes for a better world. However, most of what we do happens without any formal training courses, either before we enter philanthropy or once we are involved.

Until now we have relied on scanning a plethora of literature that may be relevant to specific aspects of grantmaking, unable to access all we need to know in one place at one time.

Philanthropy New Zealand's Grantmaker's Toolkit is a resource specifically written for New Zealand philanthropists and grantmakers, offering broad coverage of many of the elements that can lead to successful grantmaking.

It is deliberately written for grantmakers who plan and think deeply about contributing to our society, whether you are brand new to philanthropy or have been involved in philanthropic giving for a long time. You may use it to establish, refresh, expand and explore grantmaking while also creating your own particular style.

There is no fixed formula laid out, or rules to follow, because there are as many ways to approach the task of grantmaking as there are people willing to be involved. You can mix and match the information and ideas presented; consider then adapt what is offered for your purposes.

Together with the authors, many people have contributed to the development of this Toolkit, over a number of years. It calls on experience and expertise from many minds and sources. Use this wisdom to help you get the best from your philanthropic dollar, now and in the future. Like philanthropy, this Grantmaker's Toolkit is built on generosity and partnership.

John Prendergast
Chair Philanthropy New Zealand

Robyn Scott
Executive Director Philanthropy New Zealand

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1.1 How to use this toolkit

For many who practise philanthropy, grantmaking is a technical challenge, a creative opportunity and a rare privilege to put into practice philosophical beliefs and hopes for a better world. Regardless of the grantmaking structure or the role of people involved, it is a unique privilege to participate in distributing money to make the world a better place. Many people have the opportunity to be involved as grantmakers, although the ingredients for successful grantmaking can sometimes be a mystery.

Questions that may be asked are:

- **What are the important things to consider when establishing and operating a grantmaking programme?**
- **How do people equip themselves to become efficient and effective trustees, advisors or staff members for a grantmaking organisation?**
- **What can be done to ensure that the money, time and effort put into grantmaking will have a positive result?**
- **What can be done to accelerate the progress of grantmakers, particularly to ensure that their work has a truly New Zealand perspective of Māori, Pākehā and other cultures?**

This Toolkit is geared to addressing these questions and to maximising the value of grantmaking efforts. It contains ideas, observations and challenges to support any grantmaker; whether a beginner or a seasoned player; whether staff, trustee, personal donor or advisor. You will find practical information, worksheets and checklists, personal perspectives, including selected case studies of promising practices, to illustrate the successful work of grantmakers in the field.

There is no fixed formula or rules to follow, because there are as many ways to approach the task of grantmaking as there are people willing to be involved.

So, put this Toolkit to work as it best serves you – whatever your experience and confidence. The information may assist you to see that grantmaking is not for you. Or, it may help clarify the way forward for a ground-breaking grants programme that will benefit New Zealanders for generations to come. Use it to plan, establish, refresh, expand and explore grantmaking, while you develop your own distinct style and approach. Mix and match the information and ideas presented; consider then adapt what is offered for your purposes.

The essentials are to understand the technical, creative and philosophical elements that will result in a strong and effective grantmaking programme. Most importantly, use this Toolkit to ensure that your grantmaking dollars create impact and generate benefits for those intended to be served, and that your philanthropic dollars are ultimately used to the best advantage for everyone involved.

1.2 A few words about grantmaking

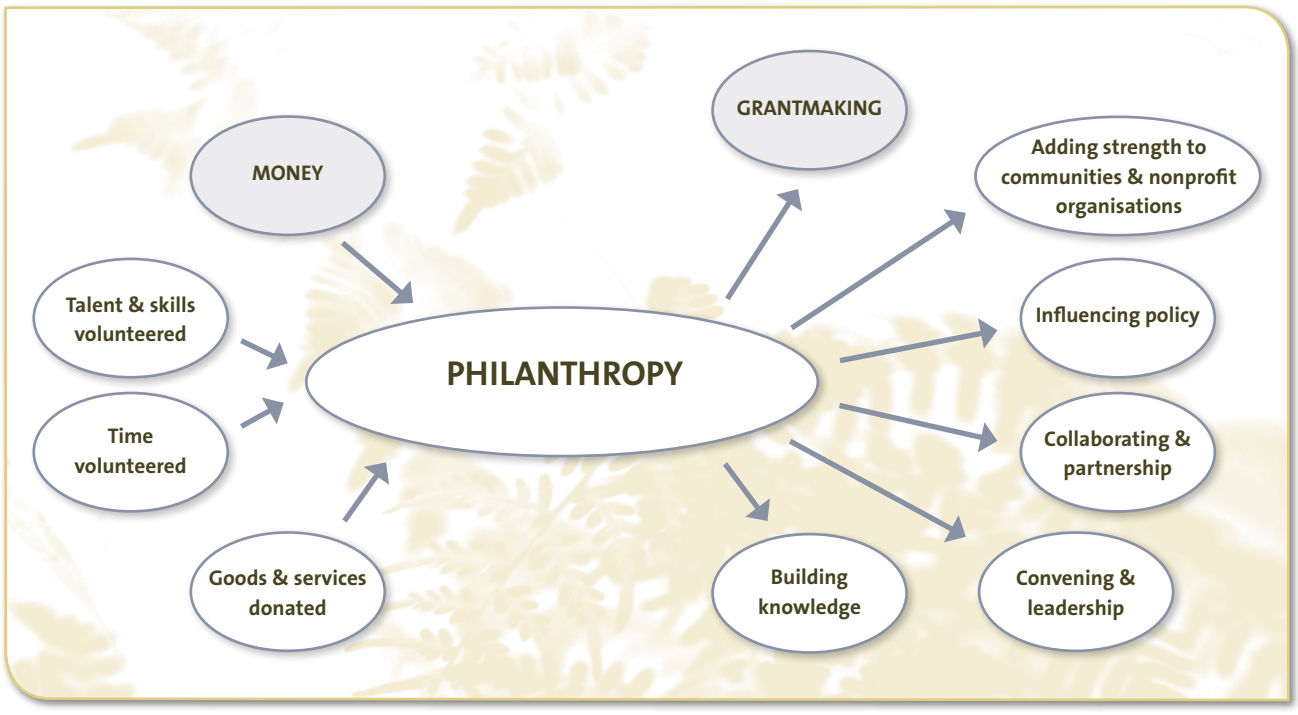
Nāu te rourou, nāku te rourou, ka ora ai te iwi.

With your food basket and with my food basket, there lies wellbeing for the people.

1.2.1 *Defining philanthropy*

Philanthropy has been part of all cultures for centuries, starting with the ancient greek word philanthropia, meaning 'to love people'. Koha, or giving, is at the very foundation of Māori tikanga – customs and traditions.

This koha, combined with the Pākehā spirit of generosity, has been vital for the growth of New Zealand's philanthropy, which is defined as a source of money, talent and skills shared, time volunteered, and goods and services freely given for social benefit.



Understanding how social benefit is created, and how the exchange is transacted between people is the art and science of grantmaking.

Philanthropic grantmaking, or handing out the dollars, is just one part of philanthropy – a particularly powerful part where money changes hands between a donor and a recipient, on the understanding that it will be used to create social benefit. The transaction is intended 'to improve general human wellbeing, and where the giver expects no direct reciprocation or financial gain in return.'[1] How that understanding of social benefit is created, and how the exchange is transacted between people, is the art and science of grantmaking.

[1] *Giving New Zealand: Philanthropic Funding*, BERL with Philanthropy New Zealand 2006

Other goals and outcomes of philanthropy include adding strength to nonprofit organisations, influencing policy, convening groups for discussion and to take action, taking leadership on relevant issues, building knowledge through research and dissemination, and working in collaboration with other grantmakers, government, community and business interests.

In the last two decades in New Zealand, we have witnessed rapid change in the scale and quality of philanthropy, and a maturing of the science of grantmaking. This has been brought on by the establishment of new trusts and foundations, and the cyclic growth of funds, dictated by economic peaks and troughs. Other factors to herald change include shifts in government policy, emerging talent and leadership in communities, and strengthening cultural leadership. The legacy of trusts and foundations has been particularly enhanced by the emerging focus on Māori approaches to philanthropy, and communities thriving and strengthening their leadership in response to philanthropic support. Both of these developments have brought an added vitality to the work of grantmakers. In this dynamic environment, expectations for relevant and thoughtful grantmaking continue to grow.

1.2.2 *What does the grantmaking sector look like?*

In 2007 Philanthropy New Zealand released a comprehensive study[2] which estimated how much money individuals and governmental organisations gave for community and charity purposes during 2005/2006. At that time it was between $1.24 billion and $1.46 billion. Total estimated giving by trusts and foundations in 2006 was $742 million. Voluntary trusts and foundations, including universities, were estimated to have given just under $125 million to philanthropic causes, while statutory organisations gave over $621 million.

1.2.3 *Types of grantmakers*

The main types of grantmaking structures in New Zealand are:

Voluntary grantmakers

- **family, individual trusts and iwi trusts**
- **trusts established with funds from Treaty of Waitangi settlements**
- **community foundations**
- **universities and other tertiary education institutions, often administering scholarships**
- **trustee companies, managing many private trusts**

Statutory grantmakers

- **the Lottery Grants Board, which distributes funds to the community from a national lottery**
- **community trusts, established from regional trust banks in 1988 under the Trustee Banks Restructuring Act**
- **energy trusts, established following the restructuring of the electricity industry**
- **gaming trusts, distributing a proportion of proceeds from gaming**
- **licensing trusts, which provide grants from profits from alcohol sales**

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[2] *Giving New Zealand: Philanthropic Funding*, BERL with Philanthropy New Zealand 2006

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Business and corporate giving

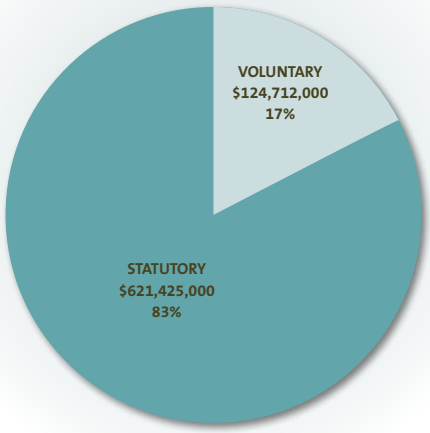
- companies providing sponsorship to community groups
- philanthropic foundations established by businesses and corporations.

Government granting funds

- a range of grantmaking programmes administered by government departments or agencies.

Statistics on giving by different types of grantmakers in New Zealand are illustrated in the following charts[3]:

VOLUNTARY/STATUTORY SPLIT OF PHILANTHROPIC GIVING BY TRUSTS AND FOUNDATIONS IN NEW ZEALAND 2006



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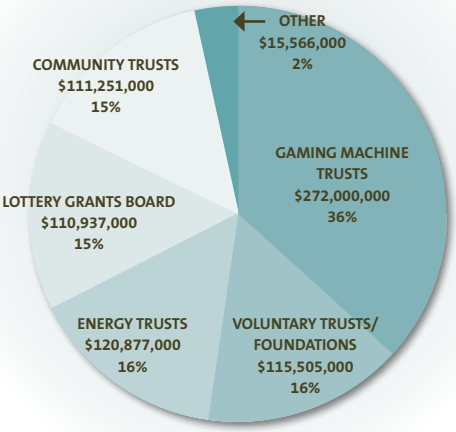
PHILANTHROPIC GIVING BY TRUSTS AND FOUNDATIONS IN NEW ZEALAND 2006



source BERL

You light your candle where you are. Isolate one factor, one injustice, one need, unite with others that care, and do something about it.[4]

Sir Roy McKenzie, Founding Patron of Philanthropy New Zealand

[3] *Giving New Zealand: Philanthropic Funding*, BERL with Philanthropy New Zealand 2006.

[4] *A Toolkit for Giving* Philanthropy New Zealand 2004

1.3 Becoming a part of the grantmaking world

1.3.1 *The 'aha!' moment*

The catalyst that turns people into grantmakers or draws them in to the grantmaking sector can be any number of things – including winning the lottery! You may become a private donor with a small or large amount of money to give away, or be recruited as a trusted friend to support private grantmaking. You may join a public trust or foundation as a trustee, staff member or a professional advisor. As a community leader, you may become involved with grantmaking because of your expertise or networks. Common circumstances that have drawn people into grantmaking in New Zealand are:

- **inheritance of money or a commercial windfall, providing wealth that allows a person or family to become private philanthropists and grantmakers**[5]
- **self-nomination or nomination by others to become a board member, a trustee, a member of an advisory panel, or a committee member for a grantmaking programme**
- **appointment to a board resulting from holding a public position such as mayor or leader of a church/community organisation**
- **an employment opportunity to work in the area of grantmaking, as a 'philanthrocrat'**
- **a community getting together to gather and distribute funds for particular local or social issues**
- **provision of services as an allied professional or trusted advisor, in areas of finance, the law, management, administration or social policy**
- **tax benefits – although they have not been a driver for many New Zealanders, changes to the tax system**[6] **have removed the charitable tax rebate cap for individuals, companies and Māori authorities.**

Giving to charity has been very much a part of my life since I started work, and has been what I call a very enjoyable experience. The tax changes that came into effect in 2008 were the incentive I had been waiting for to formalise my giving using the Acorn Foundation. Up until that point I had been frustrated with the limited tax cap on charitable funding. My decision to start my named fund with a significant donation fell squarely into what the Acorn Foundation calls 'tax effective philanthropy.'

Russell Williams

Whatever the reason or circumstance, many would agree that grantmaking can be one of the most meaningful and challenging social roles you take on, and a privileged opportunity to learn and be inspired. New Zealand has a rich fabric of nonprofit community organisations and geographic communities. Grantmaking is a way to experience first hand the activity, ideas and energy of many inspiring and inspired people and places.

[5] *A Toolkit for Giving* Philanthropy New Zealand 2004

[6] For more details see Inland Revenue Guide *GST and Tax Implications for Giving* www.ird.govt.nz

1.3.2 *Motivations for becoming a grantmaker*

When starting out, it is useful to clarify your broad goals and the motives behind your intentions to give. When the motivation is clear, planning and developing a grantmaking programme is more straightforward, and choices and options are easier to weigh up.

Diversity in purpose and style among grantmakers is a hallmark of the philanthropy sector, and motivations will vary significantly – grantmakers are not part of one big pie, but more like a lot of tarts! However, regardless of this diversity, four key motivations for grantmakers have been identified by Tracy Gary in her book *Inspired Philanthropy*[7]:

- ***obligatory giving*** **where grantmakers make decisions according to what they believe is needed and must be provided by someone. Service delivery and public facilities are often in this category, and funding may be interchangeable with government responsibilities**
- ***social and fun giving*** **where grantmakers fund activities and directions that are socially popular, meeting the needs and preferences of most of the people, most of the time**
- ***passionate giving and personal commitment*** **where grantmakers direct funding to the needs and issues which they personally understand or have experienced, and feel passionate about promoting**
- ***strategic or transformative giving*** **where grantmakers aim to make a difference to the causes of social and economic problems rather than to treat the symptoms. Sometimes this might require new information or different approaches, and involve addressing some of the most challenging social problems.**

[7] *Inspired Philanthropy Your Step by Step Guide to Creating a Giving Plan and Leaving a Legacy* Tracey Gary at al John Wiley & Sons 2008

Promising Practice

Motivations for giving – the 'aha!' moment

The 2004 Boxing Day tsunami brought about the 'aha!' moment, and was a significant turning point for Greg Brownless. Greg is a funeral director. When he saw the devastation on television, he was so affected by it he flew to Phuket where he helped identify and repatriate bodies. It was a life-changing experience, motivating him to think about adding real value to his community. Greg had been practising giving in all kinds of ways most of his life, but on his return from Phuket he was inspired to do much more.

Greg gifted his funeral business, valued at more than one million dollars, to the Tauranga community. The Acorn Foundation assists with the annual distribution of all profits from the business for the good of the local community in Tauranga, and took on the management of this gift. Those families who use the services of the now-named Legacy Funerals are also adding to the significance and power of this gift, which generates income to give back to their community. Greg receives no salary or benefit from the funeral business. He receives rental income from his premises where Legacy Funerals operates, and on his death it is intended that this will also be gifted to the Acorn Foundation.

Volunteering in Phuket really brought home to me the value of life, material possessions actually mean very little to me now. There is much more value in making our community a better place to live and assisting the many worthy organisations which are struggling for funds.

Greg Brownless

More information: www.acornfoundation.co.nz

1.4 Maximising your potential

1.4.1 *The balancing act: elements to juggle as you move along the pathway*

What makes a grantmaker effective? Before we take you step-by-step along the Grantmaker's Pathway, it's important to identify at the outset the qualities and skills that will equip you to realise your greatest potential.

Whether you are new to this type of work or an experienced grantmaker, there are three main elements of grantmaking practice you will always need to balance, which are:

Underpinning philosophy
Kaupapa

Creativity
Auahatanga

Technical management
Tikanga

When starting out, your challenge is to first recognise how these three elements come into play, and how they show up in your work as a grantmaker. Your second challenge is to balance them effectively, ensuring that there is consistent effort to get all three elements right. You may need to have systems and a team of people around you to complement your skills, to keep your balancing act artful and effective. With these distinct areas in balance, your grantmaking will result in efficiency, relevance and impact.

Underpinning philosophy Kaupapa

The first element, arguably the most critical in grantmaking, is the philosophy that underpins your entire grantmaking programme. This is where you identify the beliefs and intended benefit for society, where you can ask and answer the questions "Why would I bother to be a grantmaker?" and "What is the world I want to build with the grants I help to give?"

"Why would I bother to be a grantmaker?"

Grantmaking is an expression of the philosophy and politics of grantmakers, whether explicit or not, because choices must be made between different social needs, different groups or communities to support, and different issues to champion. This is not only a creative choice, but also a powerful statement of philosophical and political priorities. Grantmakers, through the choices made when granting, decide which community benefits and opportunities to put ahead of others, which dreams will be brought to reality and which ones will remain on the wish list. Sometimes this philosophical purpose will be spelt out in a trust deed which legally defines the grantmaking programme, but often it is not. There is always a margin for discretion and interpretation beyond the legal definitions, and that interpretation is a key role of anyone involved with grantmaking. Most experienced grantmakers will agree that healthy debates over granting decisions can be complex and even anguished, but are an essential part of the work.

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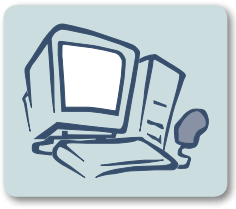
Often these debates and decision-making challenges are guided by the vision, mission and goals of a grantmaker. But these decisions can go beyond that to the values of everyone involved in the process. The essence of informed grantmaking is about making deliberate choices which align with the philosophies and personal beliefs of a grantmaker and being equipped to discuss and debate those. It also is having the ability to understand the implications for society at large when grantmaking decisions are made.

Creativity Auahatanga

The second element is the creative side of your grantmaking; the focus and approach that makes you distinct from others, and what attracts attention or inspires. After compliance with the legal and fiduciary aspects, the scope for creativity is what makes grantmaking so meaningful and rewarding, and is often a space for personal expression of values, interests and ideas. Your creativity can be evident in the issues or people you choose to support, the human face of your work, and the things you are passionate about which influence your choices from a myriad of options. Immediate expression of your creativity can be through the style of profile and publicity, newsletters and annual reports, website design, and physical surroundings for your work. The way a grantmaker links up with individuals and communities served is also a creative choice, illustrated by the nature of public events a grantmaker might host or engage in, the partnerships chosen for activities, the peers and collegiate exchange that is established.

"Creativity is what makes grantmaking so meaningful."

At a more significant level, creative grantmaking is about giving money to pioneer new ways of approaching age-old questions of need, being willing to take risks, and funding innovative approaches to tap the potential of individuals and communities. Grantmakers are ideally placed to practice creativity in society, and many innovations in services or ideas have been incubated with money from creative grantmakers. The richness and diversity of New Zealand's grantmaking sector is testimony to the creativity of its grantmakers.



Technical management Tikanga

The third element is the technical management – referring to the nuts and bolts of grantmaking – the facts and figures, such as trust deeds and legal responsibilities, timelines, budgets, information management systems and databases, operations of an office environment and governance procedures. These are the things that must be well managed, regardless of whether you are running a grantmaking programme, delivering power supply in the South Island, or building a rocket ship. Without technical strength, grantmaking can be slipshod and inefficient at best, and unworkable or even illegal at worst. Because grantmaking involves money and the law, this technical side of the work must be right. Yet, it's not enough on its own to make a successful grantmaking programme.

1.4.2 *The knowledge wheel and the challenge of learning along the way*

Self-knowledge is the other key factor that will equip you to realise your potential as a grantmaker. It is critical to know your strengths and weaknesses, your uncertainties and blind spots, and to appreciate how these will impact on your role. Nobody comes to the task knowing everything they need to know, and it is helpful to assume that there is always something more to learn. Meaningful grantmaking flourishes with an open mind, curiosity and a willingness to learn. It also requires confidence to trust your own judgement; to step into the unknown and break new ground that otherwise may not be explored.

The Knowledge Wheel illustrates this combination of confidence, uncertainty, curiosity and exploration that every grantmaker can experience, regardless of how long they have been practising grantmaking. After considering your own knowledge and expertise, and identifying the gaps in your Knowledge Wheel, you may find it easier to identify and choose the systems and people you will need in order to complement your role.

1. What I Know

These are the skills, experience and information that you have already acquired, and that you know are valuable in the work of a grantmaker.

2. What I Don't Know

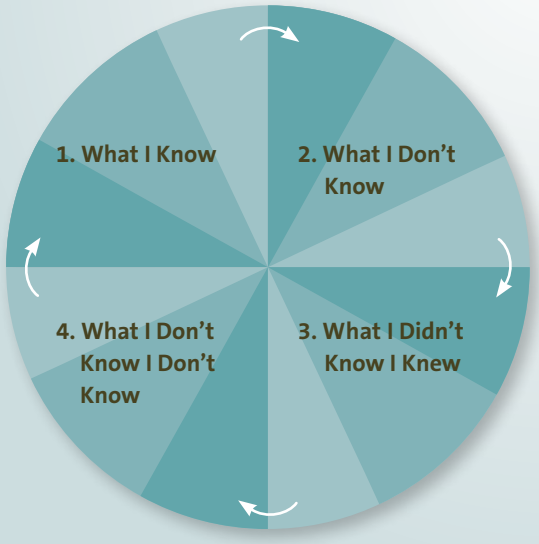
These are the things you still have to learn about; you will know what they are because you have already identified questions and gaps in your knowledge and experience.

3. What I Didn't Know I Knew

Then there are those reassuring moments when you realise that you know more than you thought you did, and that skills and experience previously disregarded are valuable tools in your work as a grantmaker – after all, it's not rocket science.

4. What I Don't Know I Don't Know

Finally, there are the things you are not even aware of that need to be understood; the things you haven't even thought of, which are best learned by keeping your eyes and ears peeled, and mind open. This is an exciting part of learning and discovery as a grantmaker, and requires the willingness to sit in the 'not knowing' space; to be willing to be surprised.



The knowledge wheel is one way to unpack and take stock of your knowledge.

1.4.3 ... it's not just about the money – responsibilities beyond the act of grantmaking

More than just disbursing money, philanthropy is also about convening, integrating research and advocacy, exercising leadership on tough issues, expanding philanthropy through co-funding with other funders, and taking a seat at the policy table. All these are components of a successful strategy. But what is the right balance? How do you weigh the risks and opportunities?

John Prendergast[8]

Negotiating to give money for social benefit is the core of a grantmaker's work. However, in recent years, many grantmakers have chosen to move beyond simply giving dollars, to take up other roles which complement and add value to the money they distribute. Some of the opportunities available to grantmakers to make their dollars go further are:

- **Creating innovative grants programmes such as scholarships, community loans and investment in local social enterprises**[9]
- **Working in partnership with other grantmakers to co-fund and share financial responsibility for communities, organisations or particular projects**
- **Convening groups of people with a common social interest – grant recipients, peer grantmakers, policymakers and communities – bringing them together to discuss and learn from each other**
- **Establishing and supporting networks between different geographic areas or interest groups**
- **Developing research capability and disseminating information of value to the community sector**
- **Taking an active role in policy discussion and formulation.**

'Cheque book charity' has been replaced by thoughtful and well-informed grantmakers, who might seek to work closely with their grant applicants and recipients, as well as give them money. Not only is this a valuable learning experience for everyone involved, it also emphasises the importance of partnerships and relationships and the mutual learning and exchange that characterises effective grantmaking.

[8] John Prendergast, *Beyond Grantmaking: Changing the Paradigm, Philanthropy Australia Conference*, 2008. Community Trust of Southland CEO and Chair Philanthropy New Zealand

[9] '*A new funding paradigm: prospects for social lending and investment by foundations in New Zealand*' www.tindall.org.nz/social-lending-report or www.asbcommunitytrust.org.nz/research-social-lending.html

Promising Practice

Leaders in schools and business exchanging skills

Partnering businesses and schools is proving a successful formula, providing more effective strategic leadership in schools while giving business people the opportunity to engage with the education sector and their community as they develop indepth knowledge of their challenges. Business people with a track record in leadership, strategic development, stakeholder management and practical implementation work intensively with principals over nine months to build their strategic plans. Our programme at the Springboard Trust works with six principals at a time. The key is not to impose skills on principals, but rather to work with them collaboratively to find ways in which these skills can be applied to their work.

We listen. We work collaboratively. We empower.

We bring principals together for monthly strategic planning workshops, facilitated by senior business leaders with experience in the business and not-for-profit sectors. We introduce principals to a strategic planning module. We talk through it, and then give them a month to complete the module. We provide each principal with a trained "capacity partner", drawn from the business sector. We select capacity partners based on their listening skills, their ability to challenge with empathy, and their passion for making a difference. Each capacity partner meets with the relevant principal once or twice a month to help them complete the module. They provide fresh thinking, challenge and support.

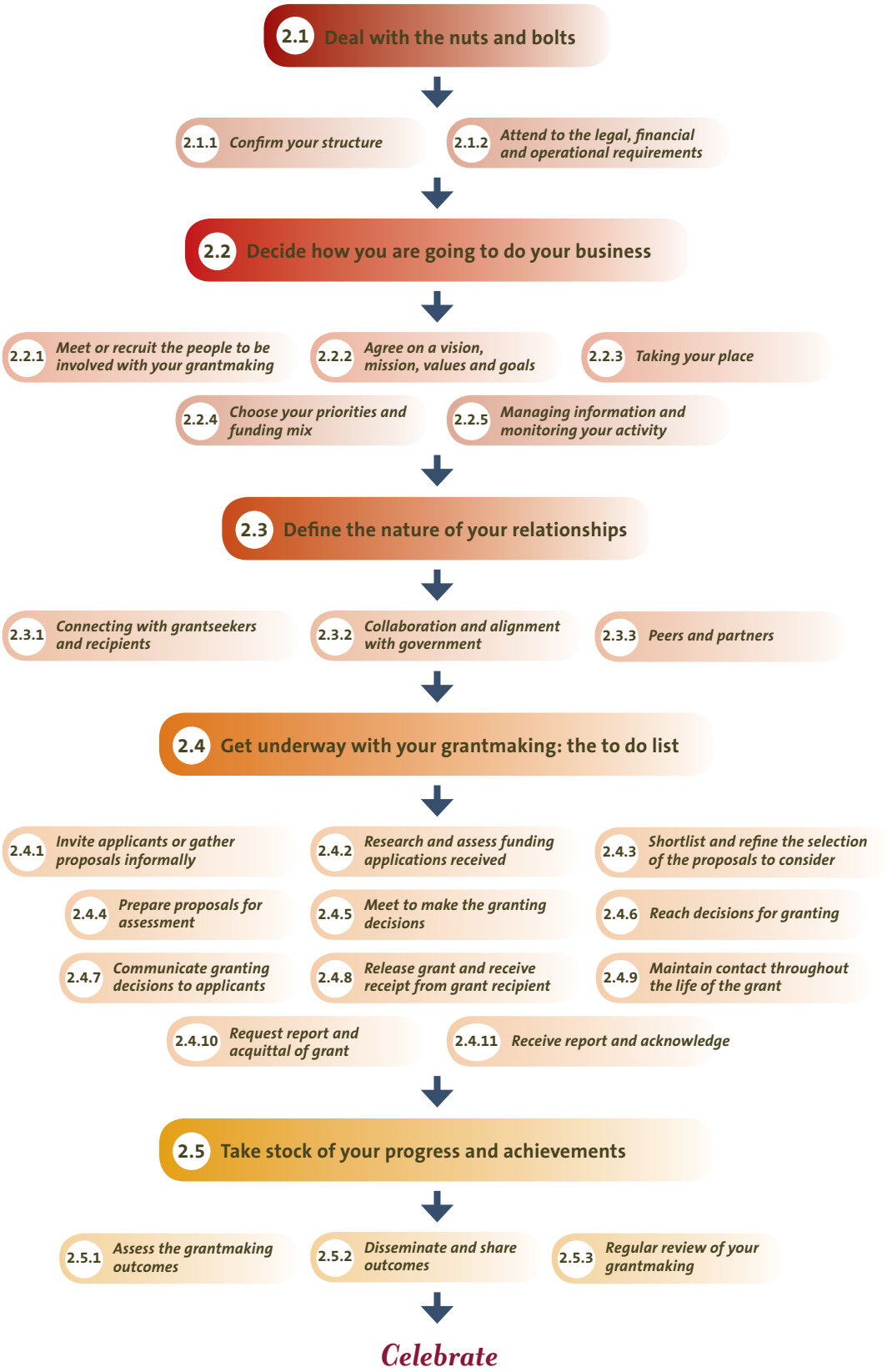
At the start of each workshop, before introducing a new module, we allow principals to share their thinking. Peer collaboration, in an environment in which principals can speak frankly and openly, drives powerful problem-solving. At the end of the nine months, each principal has a three year strategic plan for his/her school, a one year operational plan, as well as a wealth of ideas from peers and business people.

To ensure we are making a difference, we conduct a detailed individual debrief with each principal after each module, and tailor workshop format and content in response to the feedback. We also provide on-going support to our 'alumni'. The platform is a learning "Community of Principals"; working with them to solve the most pressing problems they face. As in any partnership, the benefits are not one sided! The business people are also learning:

- improved ability to work with people from different walks of life and to customise tools for different clients
- better understanding of strategic planning and their development as strategic thought partners
- greater job satisfaction – the satisfaction of being able to contribute to education.

More information: Springboard Trust 09 524 4927

The Grantmaker's Pathway Critical Steps



Notes

The Grantmaker's Pathway Critical Steps

Setting time aside to plan, learn and understand the choices and implications, and to discover what you don't know about grantmaking, will result in richer discoveries, better financial stewardship and fewer risks in the long-run. Your grantmaking will be straightforward, efficient and rewarding for all involved when done thoughtfully and with appropriate preparation.

You may be tempted to get started without the work of clarifying intentions, structure, management and style of giving. In some cases this may be successful and provide useful experience, but there is a significant risk of disappointment, confusion and wasted money, plus disenchantment for both the grantmaker and the grantseeker. You may also be negligent in understanding responsibilities to other trustees, staff and to the general public intended to benefit from your work.

Although the steps in the grantmaker pathway are laid out here as a linear progression, remember you can start anywhere and loop back. Sometimes people step into grantmaking with an existing programme that has been operating for years, and where many formative decisions have already been made. Sometimes new grantmakers with no experience but clear ideas about vision and purpose will begin by giving a grant without any previous planning. Many grantmakers start out with a small pool of funds to give, and gradually expand as they establish a style and gain valuable experience.

Whatever the scale of your giving and processes you choose, the pathway is offered as a guide and reference, not a fixed formula. Remember to follow your own instincts, use your experience, and be prepared to mix and match the information offered here as you go along.

> ***When I started giving money away as grants, my financial advisor told me I was mad; I should keep the money for my retirement. So did the rest of my family. After a year went by, I chose another advisor who was excited and committed to what I wanted to see from my philanthropic granting. He reassured me and helped me to set up my giving programme and even offered to work for me pro bono. Now he is a trustee on my board.***
>
> *Anonymous donor*

2.1

Deal with the nuts and bolts

2.1.1 *Confirm your structure*

Your grantmaking structure has important implications for cost effectiveness and efficiency, as well as providing the legal and financial framework for giving. If you are appointed as a trustee, staff member or advisor of an existing grants programme, the nuts and bolts of grantmaking will already be defined, and you will need to become familiar with this information. Factors to confirm when you start out are:

- **the nature of the legal structure and trust deed**
- **the amount of money to be granted**
- **the operational cycle for granting**
- **the expected life of the organisation – which may be in perpetuity or there may be a fixed date for ceasing operations.**

Often a trust or foundation will have a manual of policies and procedures available for newcomers, both staff and board members, that will outline this and other information.

However, if you are starting out as a grantmaker with no existing grants programme or structure, this is a critical time to first confirm whether a separate grantmaking entity should be established. Avoid extensive planning and assessment of legal and operational structures until you are sure of your structural requirements (which will be defined by the amount of money to be granted, the length of time the programme will operate and financial management priorities). This information will help inform the decision to either set up a new entity or explore a grantmaking partnership with another appropriate organisation. A separate entity may not be required for a variety of reasons, including where:

- **the amount to be granted is a one-off donation**
- **the money can be given directly to a charitable organisation**
- **a relatively small amount of money is to be granted annually, say $50,000 or less**
- **the grantmaking activity has a limited and short life.**

There is not a fixed rule, but common advice within the philanthropic sector is that to set up a stand-alone foundation or trust, an amount from around $5-10 million is required to invest in a corpus, which is the amount set aside and invested to generate income each year. However, foundations and trusts with much less to invest have been established and grown that have created a substantial impact through thoughtful grantmaking. The terms 'charitable trust' and 'charitable foundation' are often used interchangeably to refer to philanthropic grantmaking entities. Care should be taken with use of the terms where tax and fiduciary responsibility is concerned.

Grantmakers who establish foundations or trusts with modest funds usually have a particular interest or passion for the work and are keen to put in the time and effort it takes to be a 'hands on' grantmaker. This active role adds value to the grantmaking and can often generate outstanding results, which may justify establishing a separate entity with a relatively small amount of money.

Whatever the parameters, the final choice for a grantmaking structure should rest on sound research and advice from a range of people with the right experience and commitment to the grantmaking priorities. Philanthropy New Zealand is a good first port of call for this research and advice, and it can also be helpful to:

- enlist the advice of professionals with expertise in this area, particularly people in the legal and financial field, and also philanthropic consultants
- approach a community foundation or a trustee company to discuss their approach to partnership with donors, and find out about their range of investment and grantmaking services
- talk with friends and colleagues, and people already active in the grantmaking world – most people are only too willing to talk through their own experience and sound out ideas
- navigate information available from government agencies including the Charities Commission, Inland Revenue Department[10], Ministry of Justice and the Companies Office
- investigate options for ethical investment strategies and note the World Bank Ethical investments code.

External advisors and consultants

External expertise can be recruited by grantmakers to provide specialist knowledge or services, which may not be available from staff, board members or advisory groups. It could take the form of legal and financial expertise, research and policy briefings, strategic review and forward planning, or facilitation of discussion among board and/or staff. Because the advisors and consultants often only have a short-term relationship with the grantmaker, and considerable fees could be chargeable, this expertise should be chosen carefully. Key questions to ask when recruiting external advisors are:

- Could any of this work be done internally, or could it be shared by staff or other people on the grantmaking team?
- Are there ways that staff or board members could learn from the advisor or consultant, so that skills and knowledge can be passed on?
- What first-hand experience do they have in grantmaking and philanthropy, and do they have positive references for this work?
- Are they asking enough questions of you to show they want to understand and add value to your work?
- Do you have a clear idea of what you want them to do, and also a way of monitoring their progress in achieving this?
- Do you have a detailed agreement on the work to be undertaken, including detailed costings?
- Will their work provide enduring value to your grantmaking programme?

The most important rule for recruiting external expertise is that a grantmaker understands what it is they are asking for, and can negotiate a clear brief for work to be done.

This could mean substantial discussion and planning before work commences, and will require both parties to maintain open communication and commitment to understanding and learning from the experience of working together.

[10] Inland Revenue Guide on GST and Tax Implications for Giving May 2009 http://www.ird.govt.nz/forms-guides/title/forms-c/ir255-guide-charitable-organisations.html

Notes

Promising Practice

Using the experts

Dick and Mary Earle, both Emeritus Professors at Massey University, established a technology scholarship to support masters or PHD students to undertake research in either innovation and product development, or bioprocess technology.

In an example of Trust settlors and organisations working in partnership and sharing expertise, the Earles placed the administration of the scholarship under the care of the New Zealand Vice Chancellors Committee (NZVCC): a body representing the interests of New Zealand's Universities.

Given the highly specialised knowledge required to assess applications and award scholarships, the NZVCC appoints a Scholarship Committee of academic and industrial technologists or engineers with expertise in innovation, product development and bioprocess technology. This committee manages the application process. The Earle Scholarship is one of over 40 scholarships awarded each year by the NZVCC.

The Earles appointed the Public Trust as the Trustee for the Scholarship to manage the Trust's investments and finances, providing funds to the NZVCC to be awarded as scholarships. The Public Trust as Trustee also ensures that the Trust is administered within the bounds of NZ law and maintains its charitable status.

Students must demonstrate an ability to carry out the projects they have submitted for scholarship and they are encouraged to seek cooperation from a relevant industrial companies. Scholarships in a wide range of technologies have been granted, the projects as diverse as: automated kiwifruit harvesting; drug delivery in cows; high pressure processed carrots; predators in mussel farms; rapid prototype model building; hollowcore concrete flooring for protection in earthquakes; and control insulin delivery for diabetics. All were innovative and related to New Zealand needs.

By engaging in partnerships with all these organisations, the Earles have gained the benefit of their specific expertise and have established a process to ensure their scholarships will continue to benefit New Zealand well into the future.

More information: www.publictrust.co.nz/charitable_trusts and www.nzvcc.ac.nz.

2.1.2 *Attend to the legal, financial and operational requirements*

Once the timeframe and financial scale of giving is confirmed, and the structure is adopted and understood, you need to become familiar with any fiduciary responsibilities, particularly legal and financial expectations. Many trusts and foundations in New Zealand have governance and operations defined by their trust deeds. Standards may be set for stewardship of public money, with explicit procedures for publicly accounting for grants. For example, community trusts are required to publish a list of their grants given, and must make budgetary allowance for staff and communications to ensure this occurs. On the other hand, individual and family grantmakers, and corporate entities, can create their own level of accountability and public profile.

If you become part of an existing trust or foundation, you will no doubt be informed of fiduciary responsibilities. Some grantmaking organisations have detailed policy and procedure manuals to introduce and brief people as they become staff or board members. If you are establishing your own giving programme, advisors and allied professionals such as lawyers, accountants and peers in the philanthropy sector can provide valuable advice, and help identify key questions relating to structure.

If you are able to answer the following questions with confidence, you are well positioned:

- **Do you have a working knowledge of your financial investments, budgetary activity and legal responsibilities?**
- **Do you have a schedule of responsibilities matched to a timeline, to remind you of financial and legal obligations throughout the year, for example, when to lodge an annual return, when funds must be paid out as grants, when fees are to be paid?**
- **Have you set an annual budget that comprehensively reflects all the costs and anticipated income for the year, covering both grants and expenses?**
- **Can you easily monitor investment and financial income, administration expenses and grants committed or paid out?**
- **Do you have appropriate technology, experienced personnel and an adequate database to manage this information?**
- **Can you check on your progress at any stage, quickly and cost effectively?**

Not everyone is interested in the legal and financial side of grantmaking, but 'the devil can be in the detail'. Confidence in governance, operations and administration not only promotes efficiency and cost effectiveness, it also ensures that every available dollar will go out as grants for social benefit. Inefficient and confused operations can result in hefty lawyer fees, rushed and inaccurate decisions, and cumbersome administrative processes which could severely hamper progress. The troughs and peaks of investment returns can mean volatility in income and expenditure patterns, which can result in overcommitting grants or expenditure blow outs. The efficiency of your administrative systems can be a valuable buffer against this volatility. Commitment to efficiency establishes a positive expectation in the funding partnership with grantseekers, who will often take your lead on the standards expected in negotiating and managing grants. Sloppiness and confusion in operations is not only costly to the grantmaker, but may also leave a negative impression with grant recipients.

Governance

Governance is the legal authority which leads and monitors a grantmaking organisation. A useful definition quoted by David Ward[11] is "the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled...". The form this authority takes may be spelt out in a trust deed or it may remain a creative option for the grantmaker to decide how the grantmaking will be governed. As philanthropy is often described as private money for public means, Ward asserts that "governance needs to blend the requirements for the stewardship of private assets with the concept of public service. This blend places strong emphasis on the core concepts of integrity, honesty, selflessness, ethical and responsible decision making and managing risk."[12] In his Trustee Handbook[13], Ward identifies three key areas of governance:

Administration: to keep proper records and accounts, including having them audited if required; to file required reports; to avoid actual or potential conflict of interest; and to act solely in the best interests of the trust.

Investment: to protect and manage the trust assets with the care, diligence and skill of a prudent person; to take appropriate consideration of the key investment parameters set out... including diversification, risk, balancing income and growth, and tax; to formally review the investment portfolio at least annually; and to take advice.

Grantmaking: to ensure the required level of granting is achieved within the purpose of the deed; to ensure only 'eligible recipients' are funded; and to ensure the proper execution of the grants made.[14]

There is usually a board of trustees responsible for governance, ranging in size from three to fifteen members or more. Unless otherwise stipulated by trust deed, the common view on ideal size for a board is between five and eight people. There may be provision for a president or chair of the board, working groups, affinity groups, subcommittees, community panels and advisory groups, which can all add value to the grantmaking process. Patrons and life members may also be appointed.

The governing board of a grantmaking programme has a range of possible functions and responsibilities, including to:

- **define and be the guardian of the agreed mission and purpose**
- **ensure competent management and leadership is in place**
- **appraise the performance of the grantmaking strategy**
- **exercise fiduciary responsibility**
- **bring new ideas to the table and serve as a sounding board**
- **assist with specialist skills and interests**
- **inform the public about the outcomes and achievements of the funding**
- **assure succession and renewal to maintain high quality performance.**

[11] *Australian Philanthropy,* Issue 73, August 2009, 'Governance: the need to know', p.6

[12] Ibid

[13] *Trustee Handbook: Roles and Duties of Trustees of Charitable Trusts and Foundations in Australia,* Philanthropy Australia

[14] *Australian Philanthropy,* Issue 73, August 2009, 'Governance: the need to know', p.7

Healthy debate is important in the process of forming policy and making funding choices. Constructive engagement and frank and fearless discussion should be encouraged, and not confused with obtuse and obstructive behaviour which can hamper progress. Artful grantmakers will choose people for their governance and operations who can share a common vision and responsibility, but are not necessarily similar to them. A mix of contrasting and complementary experience, skills and ideas at board level is invaluable to the work of grantmaking.

While governance structures and procedures can vary substantially, there are common elements and expectations of boards that have been adopted by many trusts and foundations in New Zealand, and a number of useful resources that spell out and define procedures and policies.

***The Toolkit for Giving**[15] provides a Giving Options Summary Chart, which outlines the major options for people wanting to give to charities, including direct giving, bequests, assignment of income or donation of assets, sponsorship, setting up a charitable trust and giving to a community foundation. The Chart indicates the level of complexity, time and effort required from the donor and the tax efficiency for each option.

***Fact Sheet 4 of "Keeping it Legal" E AI KI TE TURE**[16] provides an in depth description of the structure and operations of charitable trusts as legal entities.

***The Inland Revenue Department** provides an IR255 Tax Guide for Charities.[17] This guide explains your tax obligations and tells you where to find further information. It includes information about which taxes your organisation will have to deal with, what tax exemptions are available to charities and approved donee organisations, and the criteria an organisation must meet to get an exemption. It also sets out the different types of income and explains whether each is liable for income tax or goods and services tax (GST).

***Community Resource Kit**[18] is a practical resource to help organisations get started and develop good practice in the voluntary sector environment.

The operational team, whether voluntary or paid staff, will be responsible for a range of tasks including administration, servicing board activity, information management, research and policy development, communications, community liaison, project funding and monitoring, and legal and financial accountabilities.

General responsibilities for grantmaking staff could be to:

- **implement the agreed mission and maintain the vision**
- **support the interests of the grantmaker and board and help set directions based on this understanding**
- **maintain office systems and information management processes required for a robust granting programme**
- **maintain an internal culture of flexibility, informality and efficiency**
- **maintain a public presence on behalf of the board or grantmaker**
- **ensure that the role of board members and advisors is not an onerous one, and the value of their time and contribution is maximised**
- **assist applicants to complete applications and accountability reports where possible, to minimise demands on grant recipients**

continued on the following page

[15] *A Toolkit for Giving*, Philanthropy New Zealand 2004

[16] *Keeping it Legal E AI KI TE TURE, Legal Responsibilities of Voluntary Organisations in New Zealand 2005* www.nzfvwo.org.nz

[17] http://www.ird.govt.nz/forms-guides/title/forms/-c/ir255-gude-chartible-organisations.html

[18] www.community.net.nz

continued from the previous page

- **help identify the outcomes and impact of the funded work, and share the learning**
- **advocate to the board on behalf of grant applicants**
- **take opportunities to assist and help build capability with applicants**
- **connect with, participate and learn from grant applicants, to establish what the grantmaker might usefully do to support them**
- **promote other funding options available for applicants, explore shared funding with other grantmakers, and keep track of the outcomes of funding collaborations**
- **understand, articulate and identify new options for funding relationships beyond grantmaking, which will add value to the grants provided.**

Expenditure on staff for administration, research and development could range anywhere from 4%-25% of the annual budget, depending on the amount of funding distributed, the complexity and style of the granting programme, the accountability requirements and how much the grantmaker can afford to spend. Levels of expenditure on operations may also be stipulated in trust deeds or policies. The operational costs incurred will also depend on the willingness and availability of board members to become practically involved in the operations.

It is often tempting for grantmakers to think that the less they spend on administration, research and development, the better. However, this is invariably a false economy. Investing appropriately in the internal resourcing of your grantmaking will lead to better informed, and ultimately more effective, grantmaking.

2.2 Decide how you are going to do your business

When deciding how to operate your organisation, you will first need to think, consult, research and listen to others, to inform yourself about the nuts and bolts of your giving programme (see previous section). Second, you need to surround yourself with people who can help you to develop more detailed ideas and plans, and balance the development of the technical, creative and philosophical aspects of your grantmaking plan. Third, you will need to do some high level thinking on your vision, mission and strategy for granting; then fourth, agree on your style and approach for putting it all into practice.

2.2.1 *Meet or recruit the people to be involved with your grantmaking*

I like consensus decision making. We could all speak our minds. You need a group of people around you to give you other views, support, analysis. Basically we got together one weekend and decided that we would establish a set of ground rules for grantmaking.

Marten Akerman, *A Toolkit for Giving*, Philanthropy New Zealand 2004

This step is about what your leadership and operational team looks like. Now that the structure has been identified or established, it's time to look at the mix and quality of people involved with the grantmaking; people who can bring valuable skills and experience and also share a common vision and commitment to the task.

There are few formal ways to study or train as a grantmaker, other than to get practical experience in the field. The fact is that people come from every point on the compass to be involved in the many aspects of this work. In the early days, grantmaking was more frequently done by legal and financial people, but it is now widely recognised that experience with non-profits and an affinity with social goals and values is also essential.

Although there are no agreed formal qualifications or expertise required of people in the grantmaking sector, professional standards and codes of practice are starting to emerge for 'philanthrocrats' – staff of foundations and trusts – and also trustees. However, how you build the breadth of knowledge and specialist information required for informed grantmaking is largely a discretionary and personal process. And your success will often depend on how you put together your team.

So to get the best return from grants made, the ideal team will have a skill set in the areas of:

- **financial planning and investment**
- **general office management and administration procedures**
- **knowledge of community organisations and contemporary social issues**
- **research and policy development processes**
- **information management systems and use of technology**
- **grants assessment and decision making procedures**
- **public relations, liaison and networking.**

In choosing people to work with you, bear in mind that you want to be surrounded by people who have a relevant interest in the work, and some experience that will add value. This may result in a diverse range of people; not necessarily your friends or family, but people who will challenge and guide your grantmaking. You will possibly recruit your best teachers and advisors, each of them likely to understand different parts of the work and with different advice to offer you.

A common mistake that grantmakers can make is to surround themselves with people who are like them, and will agree with them. Sometimes this is because donors want to stay in their comfort zone, keep a low profile or don't know how to tap into new networks. But this can be an opportunity lost, because good grantmaking flourishes with diverse input to keep ideas and approaches fresh and relevant. Where differences arise between people who are involved in your grantmaking, healthy debate and challenge will ensure that the best potential is realised from the grantmaking programme, which should be your number one priority.

If you start out to establish a grantmaking programme, you will need to consider what roles might be appropriate for people who will work with you. If you join an existing grantmaking programme, these people will already be in place. Some of the possible roles include:

- **Trustees or board members, including a Chair, Secretary, Treasurer, President**
- **Patrons**
- **Kaumātua**
- **Staff – could be one administrative support person or a team of ten with a CEO and specialist staff for roles in communications, project management, grants assessment, etc**
- **Advisors on legal and financial matters**
- **Advisory panels, cultural advisors, reference groups, affinity groups or sub-committees to assist with special tasks and keep the information and ideas flowing.**

Boards of trustees, staff, advisory boards, reference groups and affinity groups are all ways to gather input from different perspectives, and to hear from people with different life experience, skills, cultures, geography, age and abilities. As well as seeking a gender balance, grantmakers often seek to include people from rural areas, different cultures, representatives of local communities or regions, and across different age ranges.

Promising Practice

Capturing the experience

A foundation had been providing grants across a wide range of areas, and board members decided they wanted to strengthen funding in the area of the arts. To increase the expertise and knowledge of the arts within the foundation, they invited three arts specialists to become advisors to the foundation. These specialists are recognised for their leadership and commitment, and are asked to attend three meetings for the year to provide input to the board of trustees on arts proposals received. They are each paid a small honorarium, and one of them donates their honorarium back to the foundation. The other two rely on the payment to cover costs to attend meetings. Although they are not involved in the final funding decisions, each specialist provides valuable and influential background for the decision making of the board of trustees. As arts practitioners they have to maintain confidentiality and integrity, and balance their commitment to the grantmaker's programme as well as to other practitioners and communities in the arts field.

By youth for youth

The Youth Projects Trust was set up to allow young people to make funding decisions concerning their own activities, guided by a youth mentor. Initially funded by the Rotorua District Council, Bay Trust and the Rotorua Energy Charitable Trust, a lump sum of money is now given to them each year by the Rotorua Energy Charitable Trust to make funding decisions for themselves: "by youth, for youth". The Rotorua District Council provides funding for the Youth Projects Trust to administer and run youth events.

The Youth Projects Trust provides assistance and grants of up to $1,500 to youth aged between 13 and 25 to organise and run events and activities for local youth that promote participation, positive attitudes and healthy lifestyles.

It is an autonomous body run by an advisory committee of young people, drawn from local schools, clubs and groups. Its job is to run the full grantmaking process: from actively engaging youth to apply for grants, accepting applications, through to selecting the projects to fund. The committee is responsible for the overall direction of the trust. The accountability back to the Energy Trust comes in the form of a board of adult trustees who give the final sign-off, but extremely rarely go against the youth committee's recommendations.

The youth trust employs one staff member and also provides mentoring to young people, helping them with their funding applications, as well as providing any advice or assistance needed to run the actual event.

They work hard to ensure their processes are accessible to young people and that the application process is straightforward. The trust is happy for young people to use creative ways to report back. Think artwork!

More information email: youthprojects@xtra.co.nz

Cultural context for philanthropy

In a landmark philanthropy event in 2008, two key concepts were identified that underpin the Māori way of life in the context of philanthropy. At the He koha manaaki i Te Ao Māori hui, the dictionary definition of philanthropy was described by Moana Jackson as being "think community or to give to community". He compared Manaakitanga – the concept of caring for those who are in, and those who come to, our community and Rangatira – with weaving the needs of people to achieve 'thinking community'.

There was also an opportunity to focus on the Māori world view of philanthropy. Kevin Prime, Chair of the ASB Community Trust, talked about philanthropy in Te Ao Māori as having as many diverse settings and meanings as it does in any other culture. But with koha, or giving, placed at the foundation of Māori tikanaga (customs and traditions) much can be learned from Māori experience. Kevin considers that moving forward requires a discussion about the inherent aspects of Māori philanthropy. In the past, this consisted mainly of contribution of food or treasured taonga such as whāriki (mats) and korowai (cloaks). In more recent years, this has expanded to tools, money and loans of machinery.

Approaches to strengthening cultural excellence

Philanthropy New Zealand has been actively fostering discussion about connections between Māori and philanthropy. Activities include:

- **appointing a Māori advisory group to the Board of Philanthropy New Zealand**
- **considering how the principles of partnership, protection and participation around the Treaty of Waitangi can be incorporated by grantmakers**
- **hosting a Hui in 2008 with a focus on philanthropy: 'Te Ao Māori - Māori world view'**
- **hosting a Hui in 2009 with a focus on Philanthropy in Our Diverse Worlds at the Philanthropy New Zealand Conference:'He koha manaaki i te Ao Māori'.**

The following principles were generated from the Philanthropy New Zealand Hui in 2009 to guide the work of grantmakers with Māori people and communities. They are also recommended for general use by grantmakers:

1. **Kanohi ki te kanohi: Take time to listen and pro-actively build relationships and trust, in face-to-face communication**
2. **Gain an understanding of kaupapa and values**
3. **Focus on the strengths rather than any perceived weaknesses of Māori culture**
4. **Support internal capacity strengthening of Māori groups and organisations, on the basis of 'by Māori for Māori'**
5. **Be aware of the determinants of social inequality and invest in changing them.**

He Koha Manaaki i te Ao Kanorau,
Philanthropy in our diverse worlds

As tangata whenua of Aotearoa, New Zealand Māori have a strong association with the land, each other and those with whom they share this land. Over centuries, Māori have built a culture in a way of life that defines Aotearoa New Zealand's uniqueness and identity.

The opportunities for grantmakers working with Māori lie in principles consistent with the tradition of philanthropy itself. Grantmakers should have the confidence to participate in the protection, preservation and innovation of Māori culture, Māori tikanga and a Māori way of life.

Māori – checklist of practical steps

Following on from the above principles, consider these practical suggestions for grantmakers to maximise the value of their funding with Māori communities, (iwi, hapū, rōpu):

Governance

- **undertake appropriate governance training on Māori social responsiveness and Māori development**
- **establish a Māori advisory group to work with the grantmaker to identify approaches to Māori social development**

Relationships

- **develop appropriate relationships with national Māori organisations involved in the social services sector**
- **develop regional relationships between Māori and other organisations to allow for joint consideration and vetting of regional grant applications**
- **consider forming alliances with Māori organisations outside of your funding activities**

Sector leadership

- **work with key Māori organisations to identify particular Māori social sector issues requiring advocacy and profiling**
- **ensure that any advocacy role in relation to the community and voluntary sector includes a strong focus on Māori issues**
- **consider ways in which to work with others in the philanthropic sector to enhance the approach to addressing Māori issues**

Funding and projects

- **provide grants to Māori organisations for establishment of office infrastructure and development, including the purchase of office equipment**
- **provide grants for multi-year pilot projects with Māori organisations in geographic regions which have not enjoyed either a high profile or adequate funding base**
- **seek to enhance Iwi/Māori development aspirations and also overall community development.**

Philanthropy reflecting New Zealand society

Everyone's view of the world is partial. The more partial views you put together then potentially the better the product... The trick is to get a two-way flow of knowledge from expert to people and from people to expert. That's when you start to get creative outcomes.

Diana Leat [19]

Diversity in shape, size, scale and outcome is a hallmark of grantmaking organisations in New Zealand[20], starting with koha, which predates European philanthropic traditions. Gifting to New Zealand of land and sacred mountains has been a feature of Māoridom since European settlement.

Grantmakers differ not only in their financial and legal scope, but also in their cultural significance, philanthropic purpose and operational style. The differences between your grantmaking operation and others will be due to the history and intentions of the grantmaking programme, the amounts distributed, the original source of the funds, legal requirements and accountabilities, size and responsibilities of staff and board members, and the geographic reach of funding distributions.

Comprehensive information on the range and diversity of grantmakers in New Zealand is available from Funding Information Service[21], a world class information service for grant seekers that was established with a grant from the Roy McKenzie Foundation in the early 1990s. Philanthropy New Zealand[22] also provides a wealth of information about grantmakers through membership activities, publications and regular conferences for the philanthropy sector.

Lift as we climb – the next generation

An important recent development in New Zealand has been bringing young people to the table as grantmakers. In addition to providing grants for the education, health and well-being of young people, there is mutual benefit when young people can be involved and bring their experience, leadership and talents to philanthropy. Grantmaking is a particularly vital area for young people to understand and contribute.

Many grantmakers, particularly trusts and foundations, are ideally placed to open doors for young people in a variety of ways, to gain their contribution and give them experience as trainee board members, interns in the office, members of advisory boards or volunteers in funded projects – many options exist.

To successfully engage young people in the funding process, it is imperative to find ways to break down the barriers that prevent youth from accessing funding from mainstream sources. Future Focus[23] will help you understand what those barriers are, and how to overcome them. When we talk about 'youth friendly' funding processes, we are describing models with two key characteristics:

- young people can easily and successfully engage with the funding process to access funding for their projects
- they engage young people as decision makers, to ensure the decisions are relevant to them, and develop grantmaking expertise for the future.

Hi noa ana he pito mata.
With care, a small kumara will produce a harvest. [22]

[19] *Creative Philanthropy: Towards a New Philanthropy for the Twenty First Century,* Helmut Anheier Diana Leat Routledge 2006

[20] *Giving New Zealand:* Philanthropy New Zealand

[21] *Funding Information Service:* www.fis.org.nz

[22] *Philanthropy New Zealand:* www.giving.org.nz

[23] *Future Focus: A Guide to Developing Youth-Friendly Funding Models in Aotearoa,* Alison Perrin etal J R McKenzie Trust 2007

Notes

2.2.2 *Agree on a vision, mission, values and goals*

A statement of mission and guiding principles is a necessary reference point for any grantmaker. These explicit statements of purpose are about signalling what the granting is intended to achieve in broad terms, and having a strategic intent in what parts of the work you want to engage with. Drawing up a mission statement usually links back to the philosophical stance of the grantmaker, and provides answers to the following questions:

- **What sort of a world do we want to see?**
- **What is our role in helping to build that?**
- **How can we fulfil our role?**

The absence of a mission statement and guiding principles can often create lost opportunities, confusion, and make grantmakers less effective, both individually and as a sector. Statements can change and be refreshed over time as the goals of the grantmaker evolve and new directions are taken. Details such as grantmaking priorities, geographic focus for giving, types of organisations to be funded, target groups to benefit, projects that may be considered, and any other stipulations can all be decided by referring back to the statement.

When completed, the statement will serve as a tool to provide:

- **information for staff, trustees, family members, grant recipients and other collaborative partners**
- **guidance for the work at all levels, and offer a set of ideas and preferences which have been commonly agreed**
- **a means of testing decision making, policy and strategy**
- **a means of deflecting funding proposals and ideas that are clearly outside the stated purpose of the grantmaker, and to attract proposals which are consistent with policy and likely to be supported**
- **a resource for applicants and potential partners to come forward to help interpret and reinterpret the philanthropic work.**

People will come to your door with ideas and strategies to help realise your vision, mission and goals. Through their proposals and requests for funding, applicants show grantmakers how to interpret and develop practical ways to deliver on their philanthropic intentions.

Your vision, mission and overall goal for grantmaking are normally considered along with the values of the grantmaking programme. Following are some values, which can underpin inspired philanthropy:

- everyone has a role in changing the inequities of society, regardless of income or class
- philanthropy is a creative expression of that part of yourself that cares about and believes in the potential for change
- the most effective philanthropy joins your interests and experiences with the current needs in your community and seeks desired outcomes
- thoughtful, planned giving gives you a chance to express yourself and your passion as well as your goals and reasons for giving
- creating a giving plan fosters more enjoyment, ingenuity and effectiveness in personal philanthropy than automatic, reactive giving
- coming into your own true place of giving is an evolving, definable and developmental process
- philanthropy and service have transforming powers for both the givers and receivers.[24]

Think about your strategy

A key to understanding the approach of any grantmaker is the response to questions. 'Are we proactive, reactive or interactive? What is the source of the projects we fund? Are they from the applicants that find us, or the applicants we find? Are they the projects we help to design and bring forward, are they the best projects we can imagine?'

Based on The Insider's Guide to Grantmaking, Orosz, Joel. WK Kellogg, 2000

Much of what passes for strategic planning is an internal exercise in clarifying what the donor, board or staff really care about and what they would like to make happen in the world. Often, donors are new to their role and not yet clear on their values and passions; the question of what they care about, beyond work, family and religion, may take much effort to answer. More commonly, the challenge lies in bringing together different members, each of whom has a different set of values, and forging agreement on a common set of objectives that all trustees and staff can accept.

The result of a strategic planning process is usually a carefully crafted mission statement that reflects the values identified during the process. The need to think big and find concepts that are large enough to encompass the different values of different trustees almost always ensures that the resulting mission statement or plan has broad and inspirational goals.

Mark Kramer[25]

[24] *Inspired Philanthropy: Your Step By Step Guide,* Tracey Gary, www.inspiredlegacies.org 2008

[25] *Strategic Confusion,* Mark R Kramer, *Foundation News and Commentary, May/June 2001 Vol.42, No.3*

Rather than asking, 'What is the most important problem?' a true strategy must answer, 'Which of the many important problems is the one that our grants can make the greatest contribution toward solving?' Such a strategy helps determine the extent to which broad goals in a mission statement can be achieved, and which 'unmet needs' a grantmaker should address. Moreover, a strategy carries implications about how the grantmaker should operate, so that every activity is designed to further the overall strategy and focus on synergies rather than silos.

As long as 'strategy' remains a confusing and ill-defined word, grantmakers can avoid confronting their ambivalence about power and control. But this ambivalence often results in vague and unrealistic goals, putting strategy and evaluation on a collision course.

According to Mark Kramer, there are four core principles at the heart of strategic philanthropy and grantmaking:

Addressing root causes

Grantmakers can bring about lasting social change by identifying and addressing the 'root causes' of social problems, rather than just alleviating immediate needs and symptoms. Feeding the destitute would be charity, for example, but training the unemployed to find work would be 'strategic philanthropy'.

Establishing a theory of change

Some mechanism is needed to bring about social change. Therefore, grantmakers must decide how change occurs in society. Is it through grassroots movements or the leadership of elites? Or is it through research, advertising or demonstration projects? Based on this 'theory of change', grantmakers can determine which kind of projects to fund in order to bring about the social changes sought.

Deciding on a focus

A grantmaker must decide where to channel the most impact to bring about change, and concentrate grants in that field. Focus, therefore, is a corollary of strategic philanthropy.

Measuring outcomes

To see whether change occurs, grantmakers should monitor the performance of grantees and hold them accountable for achieving what was promised in the grant request.

A theory of change is a strategy or blueprint for achieving large-scale, long-term goals. It identifies the preconditions, pathways and interventions necessary for an initiative's success. The term can refer to a specific planning tool as well as to a more general overview of how an organisation intervenes in a system to initiate and sustain positive change. [26]

[26] *Theory of Change* site sponsored by ActKnowledge and the Aspen Institute Roundtable on Community Change at http://www.theoryofchange.org/.

Notes

Promising Practice

Te Kawai Toro

A focus on relationships and shared understanding is the foundation on which the J R McKenzie Trust's Te Kawai Toro programme is built. The seeds for Te Kawai Toro, which translated means 'the shoot that reaches out', were sown when the Trust undertook a major strategic review. It identified that applications from Māori organisations were low, and grants to them represented only about 3% of the overall Trust allocation. Yet in terms of the Trust's focus on social equity, Māori should have been a priority.

Two years of conversations, research, thinking and rethinking followed, out of which Te Kawai Toro developed. The J R McKenzie Trust allocated more than $1 million over five years, and appointed a committee including Trustees and others with knowledge of Māori development to steer the programme.

That committee has focused on three areas:

Grantmaking for Māori development: this aimed to be both relevant to Māori priorities, and aligned with Māori ways of operating in terms of process. The Trust has been explicit that they want to learn from the experience to inform their wider work. Multi-year funding was given to four organisations, and from the Trust's point of view this has been richly reciprocated with relationships characterised by openness and generous support for the Trust's work.

Raising their game: to improve the understanding of, and connections with Māori communities, of all the Trust's volunteers and staff. They wanted future dealings with Māori community groups to be better informed and more successful across all the Trust's grantmaking programmes and other activities.

Sharing what they learn: the Trust is keen to learn from this venture, both about funding relationships between philanthropic organisations and Māori, and about how to support Māori development; and share this with others who might be interested. After five years, the J R McKenzie Trust continues to learn about building relationships with Māori communities that work well for both parties.

Lessons so far include:

- the dangers of generalisations
- the importance of recognising what we don't know
- the value of building relationships face-to-face
- the complexities of evaluating an ongoing project, with evaluation being a tool to guide improvements rather than an inadvertent constraint.

Compared with 'ordinary' grantmaking, Trust personnel have found this work is more challenging, but also more rewarding, and that the key lessons apply to all their work.

More information www.jrmckenzie.org.nz

Promising Practice

Setting a big vision – evidence-based future thinking

Our family has set up the New Zealand Sustainable Future Foundation Trust - an independent think tank specialising in research and policy analysis. Our vision is to provide relevant and timely information that is complete and well-researched for those interested in exploring New Zealand's long-term future.

Our philanthropy fits within the realms of strategic, evidence-based future thinking. We produce reports, papers and background information that we hope will inform, support and inspire other New Zealanders to think about, and act on, sustainability. We hope this work will lead to an integration of central government strategies, coordination of national and regional government plans, and provide clarity so the private sector and NGOs can also work towards this vision.

Our main activity, Project 2058, conducts research into how New Zealand's social, economic and environmental landscape may look in 50 years. The research comprises historical overviews and uses foresight to map possible futures for New Zealand. The team will weave this information into developing a national strategy for New Zealand.

More information www.sustainablefuture.info

2.2.3 Taking your place

We have somehow reached a position where giving money away is seen as an unalloyed good… Thus it is not surprising that we have lost… any sense that there can be qualitatively different kinds of giving, with different kinds of consequences.

Steven Burkeman, An Unsatisfactory Company, 1999

Profile – how to establish a public profile and communications

How public or private are you with your giving? Depending on your structure, you may find you have a high public profile, or you may be a private donor, who can choose anonymity. As a grantmaker you are most likely to have a public profile. Many grantmakers have a website and information publicly available to assist grant seekers and others to find them and to understand their purpose. In addition to a website, other communications might include a regular e-newsletter or newspaper, or public events where information is presented to potential applicants. Guidelines for grant applicants is a common part of a grantmaker's profile.

Guidelines for grant applicants

Guidelines are the most essential communication from a grantmaker to potential applicants, and can be used to:

- **provide a simple introduction in response to public queries, including what is funded, relevant dates and decision making processes**
- **offer a set of commonly agreed ideas and values to guide the work at all levels and assist with decision making, policy and strategy**
- **inform existing and incoming staff, trustees, grant seekers and other collaborative partners about what the grantmaker stands for, and also identify what is intended to be achieved**
- **deflect funding proposals and ideas not aligned with the stated purpose of the grantmaker and attract proposals consistent with policy, therefore likely to be supported**
- **guide the development of clear and appropriate funding proposals, and assist the applicant to use their time efficiently**
- **most importantly, attract applicants and potential partners to help interpret and reinterpret the work of the grantmaker.**

Once your vision, mission, values and overall goals have been decided, the position you take up can be decided.

Checklist of information that can be provided by the grantmaker in their guidelines for applicants:

- contact details including street address, phone, website, email
- personnel including staff, board members, patrons and other supporters
- vision, mission, goals, values and code of ethics
- history of establishment of the grantmaker programme
- total amount distributed annually
- relevant dates for grantmaking cycle
- granting policies and criteria such as fields of interest, target groups to benefit, anticipated size of grants, any geographic limitations and all exclusions
- details of grants provided in previous years.

Checklist of information that could be requested by the grantmaker in applications from grant seekers

- information about the applicant's organisation, including the type of organisation, contact details, mission and primary purpose, track record of achievements, size and responsibilities of staff, annual operating budget
- information about the personnel supporting the proposal
- title and brief description of proposed project demonstrating a sound understanding of the outcome(s) to be achieved and when these will occur
- demonstrated need or reasons for the project
- other partners or potential partners for the project
- timeline and task schedule for the project, indicating the life of the project beyond the grant
- budget for the proposal, including amount requested from the grantmaker and other sources
- names of referees and supporters, and any other supporting material.

Ideally, the application process will be accessible and user-friendly. Some grantmakers invite applications online, and use technology to simplify the application process and reduce the workload of receiving applications. There are considerable advantages in use of technology, although some grant seekers report that it can be a frustrating and alienating experience to lodge an application online.

In order to obtain charitable status you are required to register with the Charities Commission.[27] If you do not want your settlor details to be made public, you are able to apply to the Commission to have those details suppressed. Assessments are made by the Commission on a case-by-case basis.

[27] www.charities.govt.nz

There may be a legislative requirement that you maintain a public profile, which could be one of a number of reasons why you are willing to make your grantmaking public:

- **to ensure that the face of philanthropy is visible, and to communicate and promote a distinct style of philanthropy to which the grantmaker is committed**
- **to attract a range of rich and appropriate proposals from applicants, and to deflect those that are ineligible or low priority**
- **to showcase and promote highlights in achievements, which adds value for grant seekers by promoting their work to the general public**
- **to encourage peers and other grantmakers to understand and share funding priorities, and also to refer appropriate proposals**
- **to put on record a history and legacy, and to affirm early traditions which have evolved into current endeavours**
- **to be seen to be accountable and accessible to the public**
- **to signal changes in priority and direction at any particular time**
- **to encourage others to give.**

The Funding Information Service[28] is an outstanding central database of most known funding sources in New Zealand, established in 1990. The Service has lead the world in building and making accessible an invaluable community reference. There are three databases that make up the Service:

FundView – the community grants database

BreakOut – scholarships and grants for individuals

Corporate Citizens – business support for community organisations

Grantmakers can be listed with FundView, and can also register to maintain their own records online. The databases are also a valuable reference for other potential sources of funding for applicants.

Roles in addition to grantmaking

In addition to being a learning organisation and a funding body, there are numerous contributions a grantmaker can make to add value to the work of grantees:

- **making space or buildings available for community groups to use for meetings or events**
- **convening meetings and events to facilitate exchange and networking**
- **releasing staff for outreach and visiting communities to discuss the role of the grantmaker and possible funding support**
- **providing advice to groups and organisations making applications through staff and trustees or board members**
- **celebrating organisations and sectoral achievement**
- **liaising closely with local and regional government, government departments or crown organisations to exchange on policy and funding interests**
- **fostering and enhancing community and voluntary sector information sharing, for example, through profiling new voices, show-casing role models and partnering with community organisations.**

[28] www.fis.org.nz

Being a learning organisation

The environment of grantmaking is constantly changing, and commitment to continual learning will enable a grantmaker to specialise and excel in the role. A learning organisation 'facilitates the learning of all its members and continuously transforms itself through:[29]

- **commitment to monitoring and remaining informed on the issues, challenges and opportunities for the grant seeking constituency it serves**
- **dedication of adequate resources for board level leadership and planning, and staff availability to manage and administer operations**
- **sufficient attention to engineering new programmes in response to perceived needs and opportunities**
- **awareness of grantmaker trends and approaches, tools and policies that will keep the role refreshed and refined**
- **knowledge of policies and programmes of government and other funders, and the impact of these on funded organisations.**

Some grantmakers have a history of being self-reflective and thinking ahead, and remaining flexible in the face of change. Consistent with a commitment to move with the times, professional standards and practice are incorporated, and regular review of goals and operations are undertaken, on the basis that if you don't continue to plan ahead and deliberately move forward, you are likely to be left behind.

> ***What we know now is that sometimes approaching problems on a symptom by symptom basis is less effective than working on a 'whole of community' approach. It's not that we don't care about each particular problem, it's that if we really want to make progress, we need to see if we can address the underlying causes of problems. To have lasting influence as philanthropists, we need to follow the lead of communities in understanding what the underlying causes are, and how that 'whole of community approach' could work.***
>
> *Jennifer Gill CEO ASB Community Trust, Former Chair Philanthropy New Zealand*

[29] *A Concise Guide to the Learning Organisation,* Mike Pedler, Kath Aspinwall 1998

Promising Practice

Learning from community and following their lead

One of the growing trends in grantmaking is community-led development; working together in a geographical area to turn problems into solutions. An example is Inspiring Communities. A cross-section of people from several place-based initiatives decided to join forces to work together to build neighbourhoods, foster community connections, grow local economies, solve problems and achieve community goals together. This group included residents, business people, iwi, councils, government, community organisations and funders.

When Inspiring Communities was still in its embryonic stages, the Tindall Foundation funded ten people to go to Canada where successful community-led development programmes have been operating for some time. These ten people had seen the strength in communities across New Zealand coming together and learning from each other. Travelling to Canada gave them practical support, knowledge and evidence to back up and extend their own experiences. The Foundation then provided seed funding to create Inspiring Communities. A 'virtual' team, The Exchange, was then established: the equivalent of two full-time people. Their tasks are to:

- link people, places and communities
- develop and share resources
- support learning and assess change and impact
- pro-actively mentor local leadership
- foster regional networks
- share the information through case studies, a newsletter and a website.

The key to the success of the Tindall Foundation funding was an understanding that change would take time, in some cases even years. They remained committed and realised they could not dictate what that change would be. The grantmaker took a 'hands off' approach. Inspiring Communities is about creating the conditions that will allow creative change, based on each community defining for themselves the changes they want. The communities involved exchange experiences, learn from each other, provide inspiration, share tools, techniques, and thus reduce 'reinventing the wheel', which in turn accelerates development. This initiative is about communities that are inspiring: inspiring other communities.

More information: www.inspiringcommunities.org.nz

Promising Practice

Creative granting – the power of small grants

A small, family philanthropic trust in Auckland supports a number of organisations with small grants. Their commitment to these organisations goes beyond handing out a cheque, as they spend many hours volunteering and supporting the groups they give to.

One such example of the power of small grantmakers began when trustee Penny Stevens, who is also a member of the NZ Federation of Business and Professional Women Auckland Club (BPW), initiated a project helping migrant and refugee women integrate into their communities.

Penny arranged for some of these women to come to a BPW meeting to share their stories, which resulted in an idea to run cooking classes. The classes are a vehicle to learn English, which in turn helps the migrants and refugees make new friends and build their self-esteem and confidence, which has often been lost through the migration process.

BPW members and refugee and migrant women now meet on a monthly basis, taking turns to demonstrate and cook food from various cultures.

"These classes cost about $3200 annually. For that we have a group of new New Zealanders who've overcome social disconnection through increased language skills and self esteem. At the same time it's enabled a group of professional women to understand other cultures and the struggles these women face," says Penny.

This grant grew from the personal experience and foresight of a small funder who convinced her peers of the value of a simple but effective programme.

"These women can add such richness to our communities. I saw that potential as a volunteer. I used my networks both within the BPW club and through Philanthropy New Zealand (to find co-funders) to give them the opportunity to contribute.

More information: email leepens@rcstevens.org.nz

2.2.4 *Choose your priorities and funding mix*

Your choice of granting formula, or funding mix, will be determined by your vision, mission and values, as well as all the other factors highlighted in the previous critical steps.

Establishing criteria to determine how your grants will be distributed may be an ongoing task. Social priorities and trends will change, and new information will constantly be crossing your desk, which will influence and inform your work.

How grants are used

It is useful to observe the way grants can serve recipient organisations or community groups, which will help to refine the type of funding mix for your programme. Grants can be used in a variety of ways, such as:

- *operational or core costs* **such as salaries, equipment, buildings and administration**
- *leveraging funds* **or** *challenge grants* **for groups to use as a start up contribution and sign of endorsement, to assist them to find matching funds**
- *venture capital* **as loans or start up capital for community enterprise, and also feasibility studies and business plans for innovative proposals which have a risk factor**
- *seeding funds* **for the first stage of a project, to trial or pilot a new idea, and invite funding partnerships with government, corporations and other funders**
- *mezzanine-stage funds* **for projects to be brought to scale, that means they have been successfully piloted and are ready to be widely adopted as an idea**
- *technical assistance grants* **for groups and communities to undertake training, buy in expertise or to introduce new technologies which build their capacity**
- *giving voice* **to groups or communities in policy or decision making that affects them**
- *research and development grants* **bringing together information that is not currently available.**

The size and frequency of grants can also be a formative decision, and it is valuable at the outset to agree on how much, how often, and for how long grants will be made. When promoting the availability of your grants, applicants will usually need an indication of the amount you are likely to offer.

Small grants programmes are a popular way for grantmakers to spread interest and support across a target group or geographic area. Although small – usually from $100-$3,000 – these amounts can be valuable for the recipients, and are a significant way to stimulate and proliferate new activity or bring forward ideas, possibly leading to development of larger programmes.

Larger grant allocations the allocation of large grants should be done thoughtfully, with enough detail and discussion to assure the grantmaker and the recipient that there will be no surprises or inaccuracies in the budget forecasts and expenditure. Some granting is offered over a number of years, to provide recipients with assured funds for a project or activity. Payment should be offered in stages or progress payments, conditional on successful completion of each stage as the work progresses. Agreement on how monitoring and evaluation will be carried out is often an important part of larger grants, to minimise risk and maximise the lessons from the funded activity.

2.2.5 Managing information and monitoring your activity

Having a solid understanding of how grants are used and how they can be categorised is one step towards effective information management of your grants. A system of grant classifications is a useful tool when you consider the myriad of choices and the range of grants that can be made. A well designed database will not only help to track the range of grants and their functions, but also streamline administration for easy accountability and monitoring of granting patterns and trends. As the history and scale of giving grows, these data records provide easy access for expansion and tracking with minimal pressure on staff or resources.

I had no idea what we had given funds for in the past. Whenever our board members sat around the table to make funding decisions, one of them would inevitably say "We've already given plenty of grants to that organisation…" or "I think we give far too much money to the arts or whatever".

I wondered how they knew that, because I certainly couldn't tell you where our money had been spent, and there was no written record I knew of. So, I sat down and went through all our minutes and lists, recorded every grant we ever gave, and put it into an Excel spreadsheet. The figures went right back to the 1980's, and it was a beautiful thing!

Now we have much more informed discussions about our funding patterns, and I can tell you where every dollar has gone, there is no guess work. We look back into that record for all sorts of information.

Staff member who joined a foundation and introduced new data management systems

Information from the classification system can also be incorporated in forward planning activities. Formulas and quotas can be estimated and set ahead of time as goals for the grantmaking programme, and made subject to regular review and adjustment. Classification should promote a common language on granting patterns, allowing comparisons and sharing of data internally and with other grantmakers, and enable more confident tracking of achievements.

Do your research on suitable software systems that are available, and avoid anything that is expensive or is so complicated that only experts can access or understand – this defeats the purpose! Sometimes scissors and sticky tape can be a good start for a classification system. The design of the best system for your needs will emerge from consultation with other grantmakers, and checking with information management consultants. Technological expertise and a period of training for those who manage the data may be required to introduce this database.

A classification system is suggested on the next page, which can be adapted according to grantmaker interests and priorities. The data for this system can be gathered on all proposals received and processed, including proposals rejected, or it may only be used for grants approved and distributed.

One system for grants classification and tracking trends

Areas of impact:

What is the work about

- ○ Animal welfare
- ○ Arts and culture
- ○ Conservation and environment
- ○ Economic development
- ○ Education
- ○ Employment and training
- ○ Health and safety
- ○ History and heritage
- ○ Housing and accommodation
- ○ International development and global relations
- ○ Law, justice, safety and human rights
- ○ Marae development
- ○ Multi-media
- ○ Personal services
- ○ Research
- ○ Science and technology
- ○ Social Services
- ○ Sports, recreation and leisure
- ○ Whanau development

Target groups:

Who are your partners? Who will benefit?

Age groups:

- ○ Kaumātua, Older people
- ○ Pakeke, Middle-aged people
- ○ Rangatahi, Young people
- ○ Tamariki, Children

Gender groups:

- ○ Women/girls
- ○ Men/boys
- ○ Transsexuals
- ○ Gay and Lesbian

People with disabilities:

- ○ Intellectual
- ○ Psychiatric and emotional
- ○ Physical
- ○ Addiction related

- ○ Families and parents
- ○ People from particular cultural communities
- ○ People on low incomes
- ○ People in the justice system/offenders and prisoners
- ○ People in regional, rural and remote areas
- ○ Refugees and asylum seekers
- ○ Survivors of torture, abuse and trauma

Geographic reach: Where are the funded organisations and how far does their work spread?

- ○ Local communities
- ○ Rural or remote areas
- ○ Cities and towns
- ○ National
- ○ International

Structures supported: What sort of organisations are funded?

- ○ Charitable trusts
- ○ Community health centres
- ○ Incorporated societies
- ○ Legal services
- ○ Neighbourhood houses & information centres
- ○ Other...
- ○ Self-help groups
- ○ Sporting clubs
- ○ Umbrella bodies
- ○ Whānau organisations

Processes funded: What sort of work is being done?

- ○ Advocacy
- ○ Capital (bricks and mortar)
- ○ Direct service provision
- ○ Events and celebrations
- ○ Equipment
- ○ Film and television
- ○ Operating and core costs
- ○ Research
- ○ Resource materials eg. books, videos, DVDs, manuals
- ○ Training/education

Size of grants: What size grants?

- ○ Small
- ○ Medium
- ○ Large
- ○ Multiple years

Promising Practice

A tailor made grantmaker's database

The Community Trusts have joined together to develop an integrated business system to manage their grants and financial systems based on Sage CRM and ACCPAC software. The system is designed to enable on line applications for grants/donations and to provide an extensive database which will be used by the Community Trusts for financial management and tracking, and the classification of grants.

2.3 Define the nature of your relationships

Efficient and rewarding relationships between grantmaker and grant seeker/grant recipient are at the heart of good grantmaking. Earlier traditions of philanthropy often involved 'cheque book charity', with distance between the giver and receiver, and a degree of mystery shrouding the process. It was not expected that the grantmaker would necessarily take an interest in the outcomes of the grant, because the act of giving was of itself the main outcome.

With the advent of more professional and thoughtful grantmaking, it is now a priority that the benefits or opportunities generated from philanthropic grants are identified, and that grantmakers continue to learn and grow through the work. This happens most effectively by maintaining relationships with the people who spend the money.

There can be various degrees of engagement in the funding relationship, which can happen before, during and/or after the funding transaction. The amount of contact, negotiation and influence by the grantmaker can differ for a host of reasons, once again depending on the available resources, time and interest of the people involved. There is not one right or wrong way to go about maintaining a relationship, but it is worth the time for a grantmaker to make explicit plans when setting out to create access and connect with their grant seekers.

When establishing funding relationships, there is an inevitable issue of power to be addressed between the people who have the money and the people who need it. Grantmakers' funding decisions can make or break the future of an organisation, the realisation of a community's vision, or the well-being of a particular group of people. Grantmakers who hold the purse strings will enjoy outstanding relationships when they know that the grant seeker also has the power to make or break their social investment endeavours.

> As grantmakers, our money is only as good as the people who put it to work for us.

Building sustainable and reciprocal relationships with grant seekers can take many forms. The following expectations can underpin any relationship, and are worth noting:

- grantmakers buy social benefits, and grant recipients deliver them
- grantmakers are social investors and grant recipients are the managers of the funds being invested
- grantmakers who are willing to take risks with applicants are well matched with applicants who are willing to be open and creative
- keeping communication open with grant seekers about how and why decisions are made can be a valuable part of the funding relationship, while also maintaining appropriate confidentiality
- all good projects cannot necessarily be funded.

There is a choice about whether to be reactive, proactive or interactive in your dealings with grant recipients:

- **A reactive** approach is fairly minimalist, where the grantmaker responds to proposals as they come in from grant seekers
- **A proactive** approach is where the initiative is taken by the grantmaker to contact organisations and offer funding, or to plan and design projects, then put them out to tender for implementation
- **An interactive** approach allows for exchange and negotiation between the grantmaker and grant seeker, and involves a mutual focus on ideas developed in partnership. Mutual interest is taken in the design and anticipated outcomes.

2.3.1 Connecting with grant seekers and recipients

There are various tools available to grantmakers to strengthen the funding relationship with grantees:

- clear and user-friendly grantmaker guidelines
- a guide to frequently asked questions
- website information that is easy to access and navigate
- reports on previous grants given, including reasons for supporting some activities and organisations, and not others
- access to a register of funding proposals received by the grantmaker – with permission from the applicants for these proposals to be available to help other grant seekers
- passing on information and granting outcomes to peers, colleagues and policymakers
- referrals to Philanthropy New Zealand and other sources of funding.

From the grant seeker's perspective: effective grantmaker practices

The process of attracting funds can be a satisfying and meaningful challenge for grant seekers, but also confusing and apparently hit and miss at times. The task can be easier if the applicant knows what to expect from the grantmaker, and makes an approach that is based on an informed, positive expectation of the people receiving and considering the funding request.

Some common hopes and aspirations for grant seekers, which may or may not be met, are that they will:

- be part of an educational and respectful partnership
- have access to clear guidelines and information about the funding preferences, priorities and trends of the funding body
- receive assistance in preparing the application if required
- understand the decision making process to be applied to a request, and be kept informed about its progress
- be told if they are wasting their time applying
- have the opportunity to meet with staff or trustees to discuss the proposal
- be able to lodge uniform paperwork for applications and reporting which will meet the needs of all funding bodies
- receive grants which are larger than the cost of applying for them
- be expected to ask for what is needed to produce good results, not what they think they might be given
- receive approval, where appropriate, for multi-year projects
- be able to request funds for operating costs as well as project costs
- if unsuccessful, be given information about where the application was lacking and any improvements which could be made, and other options for funding
- be promoted by funding bodies with an interest in the funding proposal
- receive courteous and timely communication.

What grant seekers most value about grantmakers

- **quality of interaction with fairness, responsiveness and approachability**
- **clarity of communication in relation to the grantmaker's goals, strategy and objectives**
- **expertise and external orientation of the grantmaker: an understanding of fields and communities of funding, and an ability to advance knowledge and affect public policy.**

Listening to Grantees: What Nonprofits value in their foundation funders, 2004 Centre for Effective Philanthropy, New York USA

2.3.2 *Collaboration and alignment with government*

The work of a grantmaker may be closely connected to relationships with government, and funding and policies of local and central governments. This raises an interesting interplay of issues for grantmakers with a geographic interest or responsibility. Much of government funding for services and infrastructure is based on the population numbers of an area, with some weighting for social need and isolation. The sparse and remote population of some parts of New Zealand will no doubt continue to be a factor in levels of government support for services and facilities, which does not necessarily reflect the need for core services and facilities required, and raises questions for a grantmaker about what to fund and why.

As well as population-based funding, there is increasing central government attention to address the underlying causes of social concerns and inequities. One example is growing recognition that levels of illness and health are not just based on medical intervention but are determined by broader issues, for example, unemployment, individual wealth and housing conditions. Establishing pilot projects is one way to test approaches. A 'Warm Homes' project designed to lag hot water cylinders and retro-fit homes for energy and cost efficiency was introduced as a government health initiative for Māori/low income communities. The decision by a grantmaker to direct its own funds to initiatives which are clearly seen as government responsibility then leads to questions such as:

- **should funding be provided to improve or set best standards in the region, because it will not otherwise happen?**
- **should funds be used as a lever to identify key issues and service coverage gaps, and to advocate to the government for a greater share of the national pie?**
- **should it become a priority to direct funds to collaborative partnerships and work with government on integrated funding packages?**
- **should the grantmaker direct funds to collaborative partnerships with government on testing new approaches?**

These four questions may well form the core of a framework for a grantmaker to use in their decision making and discussions with local and central government.

"What we have found is that philanthropy can show leadership in engaging with government, encouraging a more flexible way of working by:

- **Absorbing risk, especially early and proof-of-concept risk;**
- **Modelling flexible, positive, relationship-based, high-trust ways of working;**
- **Bridging funding gaps, eg provision of 'outside funding' requirements;**
- **Focusing on shared outcomes rather than outputs and tightly prescribed programmes;**
- **Not foisting projects or proven pilots onto Government and expecting them to provide mainstream funding without first checking if they are appropriate; and**
- **Finding government people who are taking a more flexible and innovative approach and feeding them to succeed within the system."**

Trevor Gray, Manager, Tindall Foundation

Promising Practice

Māori and Pasifika education – speaking for ourselves

The Māori and Pasifika Education Initiative is a project of the ASB Community Trust (ASBCT), designed to address educational under-achievement for Māori and Pasifika in Auckland and Northland. Using community consultation as its model and an ethic of manaakitanga, the Trust convened a Māori and a Pasifika Reference Group who met every six weeks for a year.

The Māori Group grasped the opportunity that was being offered by a philanthropic trust such as ASBCT, and moved to develop their vision Mā tātou anō tātou e kōrero (We speak for ourselves). Their thinking was very aspiration-oriented, as they asked: what will Māori need in 2050? They envisaged success as being "Māori as fully engaged citizens".

The Pasifika Reference Group took several meetings before they were comfortable to begin discussions with the Trust. There were initial concerns about representation. The meetings were very quiet and it seemed the real meeting happened outside in the car park when they were together after the official meeting had finished. There they would talk together for up to two hours with lots of laughter.

After three months, there seemed to be a shift in attitude as the Pasifika Group became more comfortable with Trust staff. They developed their vision, mission and principles, and acknowledged that although there were similarities to Māori, Pasifika communities do things differently.

As the year came to a close, both Reference Groups decided to find out if there was something in the community "whose time had come". The Trust and Reference Groups held a series of hui and fono throughout the region that were very well attended. Māori and Pasifika trustees attended these hui and fono, alongside staff, giving mana to the proceedings. A decision-making process was then designed where both Māori and Pasifika Reference Groups came together to select organisations that target both Māori and Pasifika, and recommend them for funding.

The budget was never talked about in relation to how it would be split between Māori and Pasifika, it never became an issue. Projects were selected to be funded and supported for five years. The Trust has learned many lessons through this experience with MPEI which will influence any future work with Māori and Pasifika communities.

More information: www.initiative.org.nz

Promising Practice

A grant seeker's guide

This is the introduction to the Trust Waikato's "Grant Seeker's Guide to Successful Funding Applications Te Puka Āwhina i te Kaikimi Pūtea Kia tutuki pai ngā tono."

It is written in both te reo Māori and English, it is freely available to any grant seeker, and is packed with useful, practical information that helps grant seekers apply for funding. It is a resource that helps the trust receive quality applications, which helps community groups get the funding they require to carry out their work in the community:

"A successful grant application means more money and less work than a cake stall!

Applying for funding can seem a thankless task for members of community groups when they are fully occupied running the organisation. Capturing the elusive dollar may be time consuming or even stressful. Sometimes the application is unsuccessful.

Yet, without funds your group cannot function. Applying for funds successfully may involve learning new skills and developing new systems. This booklet is designed to encourage you to be systematic, thereby reducing your workload and increasing your chances of success.

The trusts or organisations you apply to do not need to be convinced to give money to worthy projects. They were established to do so. They want to give money away – wisely – and are keen for good projects to support. The challenge is to convince them to support your project.

Trust Waikato hopes this booklet will assist your community organisation to improve the quality of its grant applications. As a result you should increase your group's chances of receiving the funds it needs.

Grants or donations are only one source of funds for a community organisation. A prudent organisation aims for income from a range of sources such as fees, subscriptions, bequests, planned giving, sponsorship and in-kind support, fundraising, trading profit and events.

Fundraising events can be great fun and a good way of involving the whole group while raising your profile in the community."

More information: www.trustwaikato.co.nz

Promising Practice

Trust Waikato's Grant Seeker's Guide: Contents page

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Making things simpler for fundseekers[30]

Another significant initiative to support grant seekers in New Zealand is the Making Things Simpler for Fundseekers; a research project undertaken by a group of grantmakers in 2008. The Tindall Foundation, ASB Community Trust, the J R McKenzie Trust and the Trusts Charitable Foundation formed a collaboration to bring together ideas on how to simplify and improve the funding-fundseeking process.

Research was commissioned to review local and international literature on funding issues, and 35 interviews were carried out. The interviews were with 14 funders and 13 fundseeker organisations, most from Waitakere City.

This research resulted in an insightful report, stating that "Good relationships between fundseekers and funders, and user friendly processes, can not only improve the fundseeking process but also reduce the imbalance in power between seekers and funders. Each has a role to play and both are needed to achieve their common goal of strengthening communities." Recommendations to funders included areas where each funder might look to improve their own practice:

- Review current application processes to make them as simple, supportive and efficient as possible. This includes ensuring accessibility to personnel and making special provisions for new and small fundseeking organisations.
- Re-visit policies for funding over a number of years, so fundseekers can plan longer term and access sufficient funds. Pooled funds and collaborative funds could be a solution to funding short-falls. More decision-making authority given to staff could allow for small, ad-hoc funding top-ups.
- Move to organisational as opposed to project-based funding. This would help organisations cover their core operating costs and salaries. It would assist in building organisational capacity and provide greater long-term stability.
- Review the decline process so fundseekers know why their application failed. Unsuccessful fundseekers could be referred to fundraising support services such as local council funding advisors and community and social services for help. Where relevant, they could be advised of other possible funding sources.
- Make accountability requirements commensurate with size. Current compliance costs can easily reach 10% to 15% of the value of small grants.
- Consider your internal systems – how well do they enable or restrict working together with other funders? Can they be improved?

More information: www.jrmckenzie.org.nz

[30] *Making Things Simpler for Fundseekers, Waitakere*, July 2008, www.jrmckenzie.org.nz

Promising Practice

Kanohi Ki Te Kanohi – face to face, the Ngāi Tahu Fund

The challenge of strengthening and enhancing Ngāi Tahu culture is still one of the most important challenges that Ngāi Tahu as an iwi faces today. To support the growth and enhancement of culture, Te Rūnanga o Ngāi Tahu developed the Ngāi Tahu Fund in 2005 and allocated an annual budget of $1.2 million. This fund provides an opportunity for iwi members, hapū, and the community to strengthen and increase Ngāi Tahu culture, through sustainability, innovation and tenacity.

Mō tātou, ā, mō kā uri ā muri ake nei. For us, and our children after us.

The Fund encourages applicants with both small and large project ideas. For example, applicants can start with a small project that may be around weaving development, this might be holding a weekend hui to teach the basics of weaving, and seek funding of under $5,000. These can then lead onto hapū, iwi or New Zealand-wide projects that then support weaving development and enhancement around New Zealand. An example of this is a large scale project undertaken by Aho i Te Rangi, whose aim is to revitalise all aspects of weaving across the South Island, which includes restoration projects with Rūnanga when needed to ensure the Marae harakeke pā sites are healthy, well into the future.

To support the growth of these projects and to kit the applicants out with all the tools they require, the Fund will support and work closely with applicants 'kanohi ki te kanohi' (face to face). At times this may include sitting down with the rōpū (group) and offering strategic advice, linking applicants with expertise such as financial planners or linking them with other funders, where collaborative funding is appropriate.

We aim to make our funding processes as simple as possible for applicants, which means applications can be submitted in just about every way possible: in person, via the internet, fax, email (we still request signed hard copies for faxed or electronic versions), in Te Reo Māori or in English.

Staff will also help applicants identify gaps in information prior to the formal decision making process. The aim is to encourage applicants to put their best foot forward.

More information: www.ngaitahufund.com

Promising Practice

Working alongside government

The Tindall Foundation finds working alongside Government can be highly productive, synergistic and rewarding for all parties, if it's approached in the right way.

Tindall Foundation Manager, Trevor Gray: "The relationships we had with the Ministry of Education and Trade and Enterprise New Zealand for the 'Education for Enterprise (E4E)' pilot project were always more of a rolling collaboration of like-minded people around a common cause than a traditional partnership.

Philanthropy was able to take the early risk of funding a social entrepreneur with an innovative idea until it transitioned into something that government agencies could engage with. Both ministries saw merit in spreading the E4E model around the country to fill the enterprise skills gap business people were increasingly calling on schools to cover.

Because of the size of the funding required, the ministries and other funders covered the core costs and The Tindall Foundation covered extras like setting up expenses and some of the pilot evaluation funding. This was particularly helpful to the ministries, because it provided some of the 25% outside contribution needed to release money from a Government innovation fund. The outcomes to date are the formation of E4E school clusters, closer links between schools and business and a sharper innovation and enterprise focus in the new school curriculum.

More information: www.tindall.org.nz

2.3.3 *Peers and partners*

Working in collaboration and alignment with other peer grantmakers is increasingly recognised for its value, both here in New Zealand and across the world. There are numerous ways in which relationships and collaboration can be built. For example, conferences, seminars, launches for particular projects and other public events can be essential opportunities to exchange information and discuss emerging trends and challenges. Involvement with peers and colleagues can also be developed by:

- **specifically setting aside time to liaise and strengthen relationships with other funders, either informally or in a group setting**
- **sharing information on funding patterns and community and voluntary sector information**
- **hosting activities to profile international guests or new voices**
- **show-casing projects and outcomes from the work of community organisations, and inviting partners to fund their work**
- **collaboration with NGOs and universities on research programmes**
- **building relationships with major training providers to address key workforce priorities**
- **liaising closely with all levels of government to exchange on policy and funding interests.**

Seeing yourself as part of a collection of grantmakers, as part of the New Zealand sector, and as world citizens adds substantially to your effectiveness. Cyberspace and digital applications are also an increasingly popular source of exchange and provide invaluable links to peers. Several international weblinks that have been particularly valuable for New Zealand grantmakers are:

GEO Grantmakers for Effective Organizations • **http://www.Geofunders.org**
A community of grantmakers dedicated to building strong and effective organisations through research, conferences, website, publications and other activities

Grant Craft, a project of the Ford Foundation • **http://www.grantcraft.org**
A website offering practical insights and tools for grantmakers: guides, videos, workshops, and other resources, developed with wisdom distilled from grantmakers

Philanthropy Australia • **http://www.philanthropy.org.au**
A sister membership organisation for trusts and foundations in Australia

Stanford Social Innovation Review • **http://www.ssireview.org**
An award winning magazine covering best strategies, tools and ideas for nonprofits, foundations and socially responsible businesses

TPI The Philanthropic Initiative • **http://www.tpi.org**
A nonprofit advisory team dedicated to the deeply challenging and rewarding field of philanthropy. They design, carry out and evaluate philanthropic programmes for individual donors, families, foundations, and corporations

WINGS Worldwide Initiatives for Grantmaker Support • **http://www.wingsweb.org**
A global network seeking to strengthen philanthropy and a culture of giving through mutual learning and support, knowledge sharing and professional development among its participants

Being part of a membership organisation is another method by which you can keep abreast of technical information as well as other important information relating to your grantmaking. Philanthropy New Zealand, as a national membership organisation for grantmakers, plays a critical role in supporting and galvanising the collective progress of grantmakers, by building capacity and helping grantmakers to remain aware of their best potential. As a member of Philanthropy New Zealand, you will have access to advice, opinions and up-to-date information about all aspects of grantmaking operations, including the technical side. You will also have access to fellow members and their know-how, which is another way to inform your practice.

While alignment and collaboration between grantmakers and strengthening philanthropic sectors is essential, it is also important to promote and celebrate the diversity that exists among grantmakers. Ultimately, collaboration and alignment will help grantmakers build a strong sense of common purpose and visibility as a sector, with something unique to contribute to civil society. This contribution will inevitably be significant regardless of the size of grants of individual funding pools.

As a family foundation, we get a lot of value from meeting and working with other members of Philanthropy New Zealand. Collaborating with other trusts and foundations we meet through Philanthropy New Zealand networks and activities enables us to do more with our funding, and learn from the wide range of organisations represented.

The Tindall Foundation

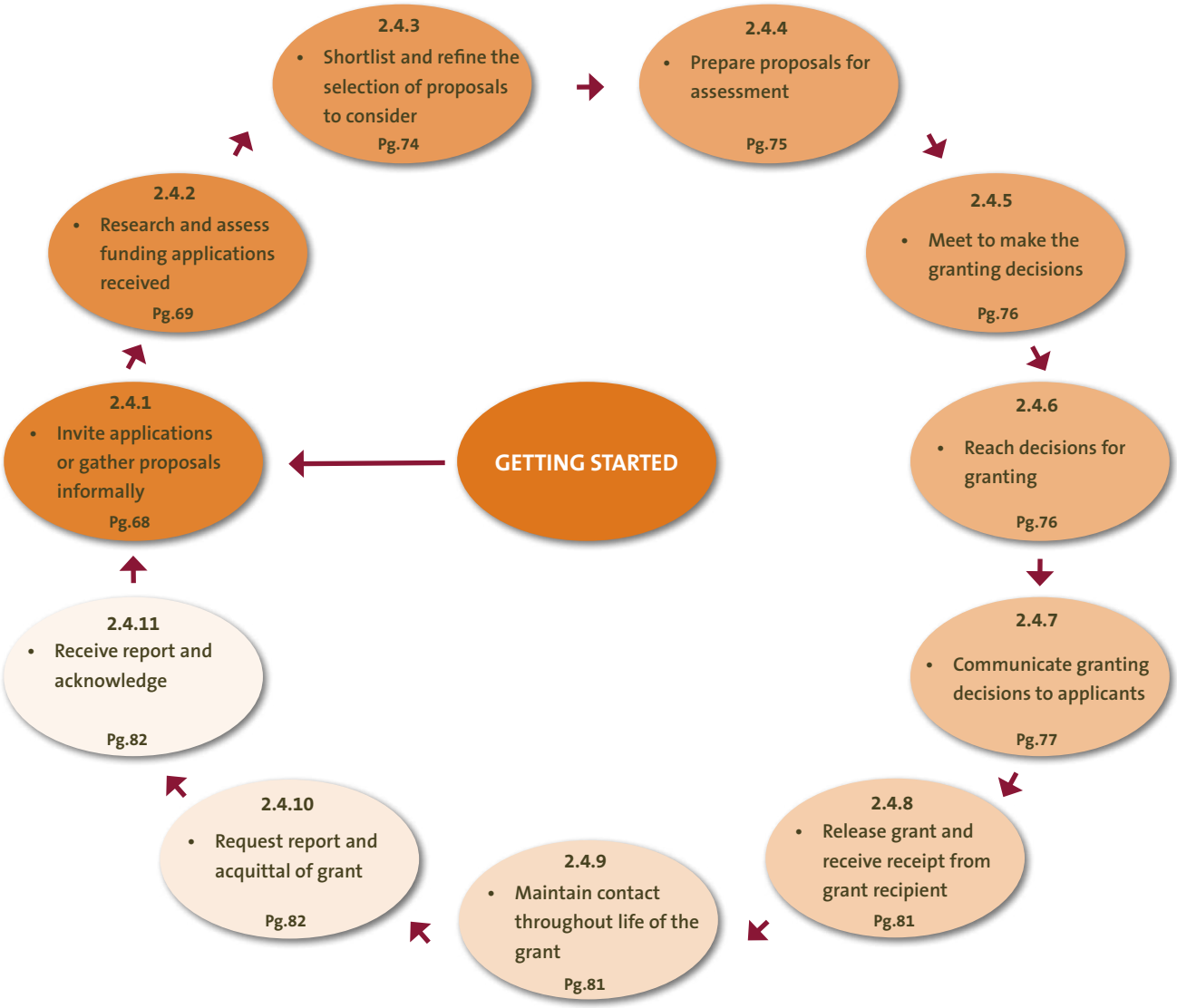
Don't ask yourself if you can afford the time and money to attend philanthropy conferences and professional development seminars, ask yourself if you can afford not to.

2.4 Get underway with your grantmaking: the to do list

With intentions and goals established, and the right people and systems to support you, it's now appropriate to get on with the practicalities of getting money into the hands of grant seekers. This is the grantmaking cycle.

There can be numerous tasks and layers of process in the grantmaking cycle, depending on the requirements and expectations of each grantmaker. In summary, it involves receiving requests for funding, assessing the requests, making a decision about who will be funded, releasing the money and following through to learn and exchange with the grant seeker while they use the funding. The scope and frequency of your cycle will also inevitably depend on your own particular circumstances: on how much you have to grant; the number and size of grants to be given; the number of applicants; and the available resources and time for people to undertake the work. Some grantmakers have staff teams of four or five people, others do all the work themselves, voluntarily. Granting cycles could occur every two months where there is a large pool of funds to be granted, others are annual, some cycles have a turnaround time of 6-9 months, and others are completed in a shorter timeframe. Some grantmakers deal with each application as it comes through the door.

The following diagram describes a range of tasks that could be part of a grantmaking cycle, from start to finish. The diagram will help anticipate the key tasks to be carried out or eliminated.



2.4.1 *Invite applications or gather proposals informally*

After your profile is established and the relevant information is available, a public call for applications can be made. There is usually a closing date for lodgement of proposals, ideally giving applicants a lead time of a minimum of six weeks or more to prepare and lodge their proposals. Depending on how clear your guidelines are, an overwhelming number of requests could be received, far more than can be funded. Or, you might find you receive applications that are not relevant or ineligible for funding, which means your guidelines need to be clearer to eliminate unnecessary work and wasted effort for both grant seekers and grantmakers.

Some grantmakers prefer to receive applications that follow a template or format they have designed for their own purpose, others find it useful to see how the grant seeker chooses to present their request. A growing number of grantmakers will only accept proposals lodged electronically, which can assist with their processing if they receive large numbers of applications. Electronic lodgement of proposals is not favoured by many grant seekers, unless personal contact is available to them to assist with questions or problems.

Grantmakers who give away quite large grants sometimes request a short summary of the funding proposal as a preliminary step, rather than a full and detailed proposal. These summaries are called Expressions of Interest, and if requested, are a way of eliminating all but the most suitable requests. When the grantmaker has chosen the summaries that are of interest, applicants who are not successful are notified at this early stage that their request was unsuccessful. Applicants whose proposals have been selected for further consideration are asked to provide all necessary details in a full proposal.

Some grantmakers run workshops or outreach sessions specifically to publicise their grants programmes, and to give information and assistance to people wanting to lodge applications. This may be a requirement of a grantmaker's trust deed, or it may be because the grantmaker wants to ensure the widest possible access to their funding programme. It is common practice to provide advice and assistance to grant seekers when they prepare and lodge proposals, although the demand for this assistance can often be greater than the available time from staff or trustees.

A great idea to assist grant seekers with drawing up their proposals is to collect together a folder of applications that have been lodged in the past, and make it available for applicants to see how others have put their proposals together. Permission must be given by applicants to have their proposal included in the folder, and people are always generous when asked.

Grantmakers are here to help the community sector, not to drain it. A lot of time can be spent giving out guidelines and information for people who want to apply, which helps grant seekers know what they can expect. However, time, effort and money can be wasted putting in proposals for which money is simply not available or that people are ineligible to receive. Consider how you draw on the resources of your grant applicants as well as your own, wisely.

If resources are limited and you are not required to make a public call for applications, you may choose to keep a low profile and identify funding options informally. This is often a good way for grantmakers with small amounts of funding, or new grantmakers, to start out, 'dipping a toe in the water'. Ways to track down your funding proposals without a public invitation include:

- **ask other grantmakers for suitable projects and activities that they are familiar with, and believe are worthwhile**
- **follow through on your own interest and experience to identify community organisations or activities that may be appropriate to support**
- **ask friends, respected colleagues or family members for any suggestions they may have**
- **watch the media for organisations or people who are doing work you admire**
- **engage someone to go scouting for proposals on your behalf.**

Bear in mind that you may raise expectations when asking around for suggestions of activities to fund, because you are declaring yourself as a grantmaker with access to funds to distribute. Some grantmakers prefer to engage someone else to do the exploration work and invitations for proposals on their behalf, because it can be a challenging process to manage people's expectations. Start gradually, take care to communicate clearly what you are looking for, and decide before you start talking to people whether you are definitely going to give grants funding – you could simply be researching and wanting to learn more about the sector as a first step.

2.4.2 *Research and assess funding applications received*

In preparation for assessing each proposal, it is helpful to sort the applications in alphabetical order, using the name of the applicant organisations. Then assemble a data list of all applicants, together with the amount they have requested, where they are located, and any other information that could be helpful in a summary list. This provides a useful scan to see how many applicants there are, how much funding has been requested in total, and the range or spread of the total applicant pool. This list is an essential reference for everyone involved with the grantmaking process, and will be needed for documentation and decision making throughout your grantmaking cycle.

Before further research or contact is made with the applicants, an initial assessment of the written applications will give a rough idea of how many proposals look relevant and strong, how many you are interested in but uncertain about, and how many are outside the charter or guidelines, or have serious question marks. A tried and true approach is to sort the applications into three piles, headed YES, NO and MAYBE. Where a group of people are involved in this initial sorting, you may find you quickly reach agreement on the high priorities and the ones to be rejected, and attention can then given to the MAYBE pile. It is unlikely that you will have the time or interest to personally meet all applicants, so early selection of the applications most likely to succeed on paper is a helpful way to identify the priorities for further research.

See sample summary list of applicants on the following page.

Sample summary list of applicants showing first ranking – one way to shortlist your proposals

Reference	Name of organisation	Location	Focus	Amount Requested	First Ranking
432	William Lord Foundation	Palmerston Nth	Health	$55,500	NO
479	Blue Cross NZ	Southland	Environment	$100,000	MAYBE
332	Beyond The Batch Community	Napier	Environment	$100,000	YES
488	Plus Ideas Minus Barriers	Wellington	Health	$100,000	NO
361	Linkup & Logon	Stewart Island	Education	$100,000	YES
138	Victoria House	Auckland	Employment	$89,730	MAYBE
291	NZ Climate Coolers	Northland	Environment	$87,000	YES
099	Marine Life Tours	Bay of Plenty	Education	$85,400	YES
314	Kingsville Marae	Hamilton	Employment	$80,000	MAYBE
288	Weeds, Wine & Wellness	Taupo	Health	$70,000	YES
599	Wetland Dryland Noland	Queenstown	Environment	$65,000	NO
254	Second Stride Services	Christchurch	Health	$59,469	MAYBE
178	Mission : Beyond Frontiers	Wellington	Education	$57,000	NO
404	Hearts, Heads and Healthy Futures	Golden Bay	Health	$50,000	YES
206	Sensible, Safe & Sane	Greymouth	Health	$47,500	MAYBE
579	SecondTime Round	Bay of Plenty	Health	$45,000	NO
392	Katherine Regional Arts	Wanganui	Culture	$40,000	NO
235	Somebody's Daughter Theatre Company	Bay of Plenty	Culture	$40,000	YES
151	Desert Uplands Build Up and Development Strategy Committee	Wanganui	Environment	$40,000	MAYBE
207	Dolphin Research Institute	Wanganui	Environment	$35,000	MAYBE
274	Pegasus Flight School	Golden Bay	Education	$30,000	YES
275	Chamber of Commerce and Industry	Auckland	Employment	$28,000	YES
160	Evolve and Solve	Wellington	Environment	$25,000	NO
215	Leading Sustainability Institute	Auckland	Environment	$21,000	MAYBE
401	Church of All Nations	Auckland	Health	$20,898	NO
068	Livingstone Detoxification Unit	Dunedin	Health	$20,000	YES
538	Perambulating Sports	Auckland	Health	$10,000	NO
607	Valley Arts Council	Dunedin	Education	$3,000	MAYBE

How the research and assessment of funding proposals is managed will depend once again on the amount of time and resources available, and your level of experience. The assessment usually starts out as a desk review, reading through the paperwork received from grant applicants, and perhaps searching out background information on relevant policy or activities, which may help to better understand the nature and intention of some proposals.

Assessment can also be done in discussion with a group of trustees, staff and/or advisors, who bring views and perspectives forward as part of the analysis. References can be requested from peers, other grantmakers and people experienced in the area of work proposed for funding. When contacting referees, it is important to be aware of how questions are asked, keeping in mind the Privacy Act and issues of confidentiality.

Finally, you can assess a funding request by personally interviewing the applicant, and taking a visit on-site to their workplace to learn more about the proposal first hand. It is not common to interview or make site visits unless there is a high chance that the proposal will be funded, so in most cases it is recommended to wait until proposals have been shortlisted or some interest has been expressed.

> Many grantmakers are willing to push boundaries and take risks, and some would say that unless we are doing that, we are not using grantmaking dollars effectively.

Criteria for assessing a proposal

Assessment can be done using a core set of questions, which will test the strength of the request against funding guidelines and other criteria. Rigorous or detailed assessment might not be necessary for small grant proposals, and commonsense will help you to decide how much information is necessary to weigh up the value and intentions of the applicant. Useful questions to ask are:

Eligibility

Has the organisation provided basic documentation as well as a clear and concise proposal summary to show it is eligible for consideration? Does the request meet the taxation and legal requirements, and the interest of the funding body?

Organisation strength

Is this a credible organisation, especially in the programme area for which funds are requested? What is its mission? What is its professional standing within its community? What is its track record? Who is served and are there similar programmes in the same geographical area? Is there evidence of community and peer organisation support? What are the distinctive merits of this organisation?

People

Do key personnel have the necessary expertise to undertake the proposed programme? Who provides leadership and vision for the organisation? Is the management efficient and well organised? Does the board composition reflect an appropriate diversity of skills and backgrounds? Are the people affected by the organisation involved in planning and running it?

Financial circumstances

How does the agency meet costs for day-to-day operations? What is the asset base and annual cash flow? Is there a broad base of support? If it is a deficit operation, how does the agency intend to meet the deficit? Does the programme budget make sense? Is it inflated or inadequate?

Criteria continues on the following page

Criteria continued from the previous page

Criteria for assessment of proposal continued

Opportunity or problem to be addressed

Has an important social opportunity or problem of workable dimensions been presented and data been given to substantiate the case? How was this information gathered? Is this an area of expertise of the organisation?

Programme objectives and 'Theory of Change'

What will be accomplished with the proposed funding? Are the objectives realistic and measurable? Do they relate to the stated opportunity, problem or need? Is staffing adequate and capable enough to reach objectives? Do others in the sector recognise these objectives as significant? If the application is ambitious in its scale and intentions, is there a clear statement of the 'Theory of Change'[31] to be applied and is the programme logic sound?

Evaluation and dissemination of outcomes

Is there a clear set of indicators of successful or expected outcomes, and a way of measuring them? For pilot or model programmes, what plans have been made to share the results with others and implement the findings? How will people know if they have been successful? How will they know if they have failed and what use will be made of this experience? Will information be available to others in the future to build on lessons learnt?

Other funding and future viability

What other funding sources or income streams have been identified? If the programme is to be continued beyond the grant period, is a verifiable plan presented for future financial support? What other funding sources have been committed, and what other grantmakers are endorsing or supporting this proposal?

Language and form

Is the proposal clear and logically presented? Has the writer avoided making unsupported assumptions? Does the proposal educate the reader and provide what is needed to convince others? Is there use of jargon and vergarbage, lingoism and buzz words?

The Jump Factor or the WOW Index

What is it about this project or organisation that attracts people and generates conviction about the work? What creates the passion and drive behind the proposal, and how does this show up?

Once the first cut of proposals has been sorted and agreed, the next step is to make contact with the applicants of proposals likely to be funded. There may be specific questions regarding the grant request, or you may want to get a better sense of the organisation and how it operates.

[31] *Theory of Change* site sponsored by ActKnowledge and the Aspen Institute Roundtable on Community Change at: http://www.theoryofchange.org/.

Planning for a site visit

First-hand experience of the work of any community organisation is a useful way for grantmakers to learn and also make granting assessments. As a general rule, grants are not approved without personal contact and a visit to the organisation to confirm the written proposal. Most grantmakers would say that they always come away from a site visit wanting to fund the organisation they have visited, so expect to be impressed when you go to meet applicants.

Before you go, clarify the purpose of your visit, which could be to:

- **find out more information relating to a written application received**
- **meet people involved and decide whether they are appropriate to receive a grant**
- **assess the value of a grant which has already been given**
- **learn about the organisation and understand their contribution as a nonprofit**
- **let them know about your grantmaking priorities and directions, and encourage them to apply to you for a grant**
- **establish or strengthen your relationship with them by introducing others to their work.**

If you have already provided a grant to the organisation you are visiting, the purpose and preparation will be more straightforward. But if you have not made a decision, arranging a site visit will probably raise expectations that you will provide a grant.

It is important that you make explicit your intentions for the visit because the people you are visiting will be wondering and hoping that they will attract support. You could have a major role in putting people at ease by how you approach the visit. It can be useful to tell them that you would like to see their project, and at this stage there has been no decision made about a grant. You could explain when the decision is likely to be made, and by whom, and even express your own personal interest and enthusiasm by saying "If it was my money I'd give it to you", but caution them that there is still a decision to be made with or by others in the grantmaking programme.

What do we already know?

Check any background information already received on file or electronic media, and use the site visit to gather information that otherwise may not be available. It is useful to draw up a list of questions or information you will be looking for on the site visit, in case you get caught up in the activity and forget to gather information you know you need.

Take the opportunity to gather information and learn while visiting. If there has not been time to review information they have sent to you, ask them to take you through from the start, to refresh you and give their own emphasis on the organisation and its activities. If you haven't had a chance to read everything they have sent you, be up front and say you are planning to take a good look at the material after the visit.

Hospitality

If lunch or refreshments are suggested, reassure the hosts that you will not need anything lavish. Unless there is a particular event or predetermined structure, emphasise that this is an informal visit, and there is no need for the applicant to spend unnecessary time or money on refreshments. Take time to express appreciation for any effort that is made by your hosts.

Who will be there?

Send a list of the names and roles of people who will be visiting from the grantmaker, ahead of time. At minimum, telephone through the number of people visiting, and ask for the number and names of people likely to be attending from their organisation. Check if the CEO or Board members will be there, and ask that they attend if possible and appropriate.

continued on the following page

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Logistics and what to take

Confirm the time and place of the visit by email and phone, to avoid wasting time. Check on availability of parking and access as required. Items that may be important to bring along are:

- **copies of the latest information about your grantmaking priorities and guidelines**
- **business cards and/or a list of the people attending, which you can leave with the organisation**
- **camera to take photos of people and spaces**
- **a list of the things you want to cover in your discussion and tour**
- **an open mind.**

> ***"Sure, most applicants would prefer to take the money with no questions asked. But among organisations doing the same kinds of work, some are more effective than others. Achieving social change requires philanthropists to direct money to the organisations that use it most effectively. Whether an organisation is housing and feeding the poor or improving educational outcomes or advocating for or against gay marriage, a philanthropist has every reason to ask whether it has a sound strategy and a good track record as well as good leadership. The alternative is to sow hundreds of seeds without ever finding out which take root and flourish."***
>
> *Paul Brest, Strategic Philanthropy, posted: November 13, 2008*

2.4.3 *Shortlist and refine the selection of proposals to consider*

Some grantmakers will make funding decisions on all applications received, as one process. Others will shortlist a group of proposals and bring forward this limited selection for discussion with their board or advisors. Staff of trusts and foundations usually bring forward details of all proposals received, and include recommendations for those to be supported and those to be rejected. These recommendations will be considered by the board of trustees or directors, in the light of research or background information provided to support the recommendations.

The Criteria for Assessment of Proposals (see page 71) continues to be a useful tool in the short-listing process, getting into more detail on the many questions that help you to choose the most appropriate proposals.

To facilitate group decision making, it is valuable to agree on explicit criteria to assist with the short-listing process. You will already have agreed a vision, mission and goals, which are an important first reference for selection. Short-listing will also be quicker and easier if you have agreed on a clear target group, types of activities, geographic spread and any other factors to be included in the final selection. A matrix can be a useful way for a group to map out the funding priorities, and match up the choice of proposals with these priorities. The matrix will help to identify where there are distortions in the selection, either too many grants focusing in one area, or gaps where no funding is being allocated to areas that you have prioritised.

2.4.4 *Prepare proposals for assessment*

When assessing proposals, some grantmakers will read the original proposals received from applicants. This can be an inspiring process, because it provides first-hand information from the applicants, but it can also be demanding if substantial requests are received.

The most common practice for grantmakers with staff resources is to receive hard copies of proposals, and to prepare a set of papers summarising the full collection of funding requests received. The summary of each request must provide the critical details to guide the final decisions on who will receive a grant. Papers will normally include recommendations or comments by staff or advisors based on their initial assessment and research. Recommendations could be brought forward on the basis of all proposals received, identifying those that are to be supported, those that are to be rejected, and those that require more work or research before making a decision. These papers are essential where groups such as boards or panels are all assessing key information, although it is resource intensive and costs time and money to do well.

The format for board papers can vary widely, depending on the preferences and needs of the people who will be making the funding decisions. It will also depend on the fiduciary obligations of the grantmaker. A common format will include the following information:

1. A summary listing of all proposals ready for consideration, with the name of each applicant, title of the project or activity to be funded, amount requested and the page number where full details of the applicant are provided.
2. The summary for each applicant will then be provided, usually in a page or two pages at the most, outlining:
   - **background of the organisation**
   - **details of the funding request**
   - **budget and expenditure details**
   - **timelines, key tasks and milestones**
   - **other sources of income for the proposal, either committed or anticipated**
   - **recommendation by staff or others on whether the proposal should be supported**
   - **rationale for providing support and any other conditions or requirements before approving the funding.**

Clear guidelines and questions to applicants will ensure that the information received will assemble easily into a set of board papers, and can be summarised efficiently in preparation for assessment.

In addition to providing details of the applications received, comprehensive board papers for granting decisions can also provide background information and general research to help guide decisions. This might be current statistics, emerging trends and policy debates, or information on other relevant factors. For example, a proposal for theatre performances with people with intellectual disabilities could include research on the health and educational benefits of theatre for these people, as well as information on other similar successful initiatives. This is the high-end of board papers for grantmakers, who have the resources to prepare them, and board members who are willing to read and digest them. Staff and peer grantmakers who provide such information are fostering rich and informed decision-making processes, and cultivating the practice of continual learning by grantmakers. If such information can be shared with other trusts and foundations, the sector often benefits significantly.

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It can be useful to share ideas with other grantmakers on how to prepare board papers, and gather ideas for the most cost effective and interesting way to present information. Board papers will almost always be confidential to the grantmaker, but it is still possible to share templates and layout ideas. For many trusts with public accountability for their work, preparation and consideration of the board papers is an important record of requests and decisions made, and provides transparency for the decision making process.

2.4.5 *Meet to make the granting decisions*

Some grantmakers will meet around the lunch table on Sunday with a box of grant requests, and make their decisions as they discuss and work through the written proposals. This is a common approach for small family trusts, and for grantmaking where everyone involved is voluntary, or where administration resources are limited. Other grantmakers will have more formal and defined meeting processes, particularly where there are requirements that the decisions made are transparent and accountable to others.

Sometimes the decision making may involve a series of meetings over a number of weeks or months, starting with sub-committees or advisory groups who go through the funding proposals as a preliminary step, before the full board makes an assessment. These sub-committees or advisors will use their own expertise and knowledge of a particular field such as the arts, environment, or particular geographic areas, and make particular assessment of applications to take forward as recommendations to the full board of decision makers.

Meetings will normally include a full board of trustees with appropriate staff members present, and are necessarily confidential. Minutes or other records of decisions are kept, and most grantmaking meetings will last from several hours to a full day.

2.4.6 *Reach decisions for granting*

The language of funding decisions will differ from one organisation or individual to another. In simple terms, the most likely responses to a request for a grant will be:

- YES **The proposal is funded for the full amount requested.**
- YES BUT **A grant has been approved, but not for the full amount requested.**
- YES IF **Funding has been approved in principle, but is conditional on further information or a special agreement with the applicant.**
- NOT NOW **A grant has not been approved this time, but the applicant is welcome to apply again. Although the proposal was impressive, there were not sufficient funds to support all the great ideas that were presented.**
- NO **A grant has not been approved – also known as a declination.**

2.4.7 *Communicate granting decisions to applicants*

The final granting decisions usually remain confidential until letters to applicants are signed off by the Chair, CEO or donor of the grantmaking programme. Communication with successful and unsuccessful grantees needs to be managed with care and attention to detail, and is best done in writing. The amount of funding approved, terms and conditions of a grant, or reasons for rejecting an application can all be easily miscommunicated in verbal discussion. Where misunderstanding does occur, it can damage the reputation of the grantmaker, and create unnecessary discomfort for applicants who are likely to have a great deal riding on a funding decision.

The standard letter of approval of a funding request usually outlines information on the amount of money that has been approved, the purpose of the grant, the title of the project, relevant dates for the funding, including the number of payments and when they will be made, and details of the expenditure for the grant. Any other conditions will also be included, and a grant agreement is often also enclosed with the letter. The cheque for the amount approved may be sent with the letter, or an electronic transfer may be made, but it is advisable to notify the successful grant applicant first and ask them to confirm their willingness to comply with the terms of the grant before issuing the payment. It is also prudent to make contact with the grant recipient before releasing the payment because things may have changed for the applicant, and it is advisable for the grantmaker to confirm before payment is released.

See samples of letters on the following 3 pages.

Sample letter notifying a grant seeker that their application was successful

Fair Go Foundation

Mr Gary Webber, Disability Services Manager

Ms Meleveti Awa, Family Involvement Co-ordinator

SCORE Disability Services, 830 Blacktown Rd, White City

Date: 11 February 2010

Dear Gary and Meleveti,

Thanks for the opportunity to meet with you several weeks ago, and for your hospitality on our site visit. It was very informative to meet with some of the parents whose children use the toy library and special play facilities of SCORE. Our team, programme officer, Nina Sartori, fellow trustee, Tipene Lincoln, and myself were pleased to learn more about the advances in playground design and equipment, which mean that children of all abilities are able to play together.

Thank you also for your proposal, received in July of this year, outlining a request for funds to finish upgrading the Go For Gold playground, and install equipment suitable for children with disabilities.

As you are aware, the Fair Go Foundation provides financial support according to the following charter:
Funds are available to assist children who are vulnerable and at risk, especially those who are, suffering chronic illness or disability, or living on low incomes.
Activities will be supported which enable children to become meaningfully involved through education, culture and community life.

Priority interests of the Foundation are to promote opportunities for young people to realise their potential through skills development, education and recreation programmes.

Following our recent discussions, and based on the information you have provided, we are delighted to advise that a grant of $50,000 has been approved from our Foundation. This grant is to be used by SCORE to complete the playground renovation and install special mobility equipment in the last area of the Go For Gold playground still to be upgraded. This offer is conditional on you providing a detailed budget confirming how the funds will be spent.

If you wish to accept this offer, please complete the attached Grant Offer & Agreement, and return it to our office together with details of your proposed expenditure. Please also provide your Charities Commission number, or tax status and your banking details for electronic transfer of the first of two payments of $25,000 for this grant.

We look forward to receiving your response to this grant offer, and congratulate you once again on the work of your organisation.

Yours sincerely,

Pania O'Riley

Chair, Fair Go Foundation

Sample grant offer and agreement

Fair Go Foundation

ORGANISATION: SCORE Disability Services
CONTACT: Mr Gary Webber, Disability Services Manager,
Ms Meleveti Awa Family Involvement Co-ordinator
PROJECT: Upgrade of toy library equipment and play facilities
EXPENDITURE: To be confirmed
GRANT: $50,000 for September 2009 – August 2010,
payable in two grants of $25,000

1 The above grant offer is made to SCORE Disability Services, Grant Recipient.

2 The Grant Recipient will endeavour to comply with all terms of the grant as follows:
- Expenditure of the grant will be exclusively on the project as described in the funding proposal of July 2009;
- Completion date of the project will be as stipulated, or contact will be made with the Fair Go Foundation to renegotiate the timing as required;
- All expenditure of the grant will be within New Zealand;
- Records on grant expenditure will be shown separately in financial accounts to ensure that the use of funds can be checked if required; and
- Acknowledgement of support from the Fair Go Foundation will be made in publicity and events on agreement with the Foundation.

3 The Grant Recipients will do their best to comply with all grant conditions, and will promptly make contact if there is any substantial change which may affect their ability to undertake or complete the project within the terms described above.

4 The grant is provided on the understanding that a satisfactory report will be lodged with the Fair Go Foundation within three months of the end of the granting period. Personal meetings and background information may be part of the report format.

5 The report should briefly summarise outcomes of the project and work of the Grant Recipient organisation, and answer the following questions:
- What were the major outcomes and highlights of the funded project?
- Who benefited from the grant and what were the benefits to people involved?
- What were the weaknesses and least useful aspects of the project?
- How were the funds expended, including budget details, and any balance remaining?

As Grant Recipient, we accept the terms of this Grant Offer.

Officer ..... Officer .....

Title ..... Title .....

Date .....

Sample letter notifying a grant seeker that their application was unsuccessful

Fair Go Foundation

Mr Gary Webber, Disability Services Manager

Ms Meleveti Awa, Family Involvement Co-ordinator

SCORE Disability Services, 830 Blacktown Rd, White City

Date: 11 September 2010

Dear Gary and Meleveti,

Thank you for your proposal of July this year, outlining a request for funds to finish upgrading the Go For Gold playground, and install equipment suitable for children with disabilities.

Our Board of Trustees met recently to consider proposals received, and I regret to advise that your request was unsuccessful.

47 funding proposals were received from our region for this funding round, with a total amount of $4.35 million requested. Many of these proposals were of a high standard, including yours, and our Board was required to make some difficult decisions.

Thirteen proposals were funded by the Fair Go Foundation for 2009 – 2010, for a total of $1.73 million. The successful applicants all deliver services and programmes in the lower north east of the region, and have strong links with local communities who are committed to increasing opportunities for low income families.

Details of these activities can be found on our website, and we invite you to visit us on: www.fairgofoundation.org to learn more about the organisations and communities who have received our funding support this year.

You are welcome to apply to our Foundation again in the future. Congratulations on the work of SCORE, and we wish you well with your endeavours.

Yours sincerely,

Pania O'Riley

Chair, Fair Go Foundation

2.4.8 *Release grant and receive receipt from grant recipient*

The grant might be released to the successful grant seeker immediately after the decision is made, with the letter notifying them of their success. However, it is more likely to be paid out after the grant agreement has been signed off and returned by the successful applicant. If significant time has elapsed since the proposal was lodged – anything more than two months – circumstances may have changed that could affect the grant. Just before releasing the money is a good time to check in and confirm that the applicant is ready to receive the funds, and commencement time and plans are all still in place.

Large grants of more than $15,000 might be paid in two or more instalments throughout the year, to be released when a progress report is lodged. Alternatively, the total amount could be paid in one sum, which is more efficient administratively. A lump sum payment also gives the grant recipient the benefit of any interest to be earned while the funds are in the bank.

Payment could be in the form of a cheque, although electronic transfer of funds is increasingly common practice. As a funding partner with the grant recipient, you may have particular requirements for financial record keeping, and being able to access information about financial activity of the grant recipient.

Some unincorporated groups or communities may have a partnership with a larger community or nonprofit organisation, to receive their grant for them and manage the money on their behalf. If this is the case, you will need to establish contacts with people in both organisations, and monitor the relationship as a three way collaboration. Sometimes a small administration fee is charged by the managing organisation, which will come out of the grant funds, and as the grantmaker, you should be aware at the outset that this is the case.

2.4.9 *Maintain contact throughout the life of the grant*

Now you have set the relationship in place and released the dollars, it's time to take a step back and stay in touch, so you can keep a watching brief on the work being done. Ways to do this, as far as time will allow, are to:

- **ensure that you are on their mailing list for regular newsletters or bulletins**
- **attend functions and events when invited by the grantee, or send along someone to represent you**
- **seek out grantees to talk together when meeting at public events**
- **make informal visits to the grantee organisation and perhaps take guests along to introduce them to the work**
- **invite grantees to meetings, either one-on-one or in groups**
- **discuss the progress of grantee work with other grantmakers who may have common interests.**

Remaining in contact with a 'light touch' is consistent with a high quality funding relationship, and serves you in a variety of ways. You will be able to follow the development of your grant investment, and be assured that there are no surprises – positive or negative. Regular contact will also ensure that you learn, and deepen your experience as a grantmaker, which will inform future grantmaking decisions. There may be an opportunity to continue the funding relationship beyond this grant, and maintaining contact will facilitate this longer term connection. With larger grants and innovative funding, a developmental evaluation approach can be adopted so that the grantee and grantmaker learn together as the programme rolls out. This can be very rewarding, as there are often adjustments and mid course corrections to the programme based on the evaluation.

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A word about troubleshooting – it is not unusual for activities funded by grantmakers to take an unexpected turn, and not go to plan. Any number of reasons could bring this about, for example: significant changes in staffing; unexpected financial difficulties, unexpectedly financial windfalls; changes in government policy; rapid increase or decrease in demand for services due to a natural disaster or epidemic – any number of influences could bring about rapid change for the better or worse.

The quality of your relationship could be tested at times of unexpected change for your grantees, and the most meaningful role a grantmaker can play is to be informed and supportive, adding value where possible and confirming a commitment to working through whatever challenges have emerged together.

2.4.10 *Request report and acquittal of grant*

Two or three months before the end of the granting period, a letter or phone call can be made to your grant recipients reminding them that a report is anticipated, if that is what has been agreed. Smaller grants may not require extensive reporting, but some form of feedback is appropriate regardless of the size of the grant.

Often grantseekers don't realise what would be valuable in a report, so it is helpful to provide simple questions or a structure for grantees to follow. In addition, referring grantees back to their original proposal to compare what was planned with what actually happened can provide some interesting observations.

Grantees should be encouraged to be creative in their reports, and include whatever they think is most important for the grantmaker to know. Encourage grantees to include media clippings, photos, copies of booklets, programmes or mementoes, CDs or multimedia, and discourage lengthy and time-consuming written reports that may not be read because of time pressures. Personal interviews or attendance at performances and functions could constitute an appropriate report, depending on the size of the grant and the activity funded.

Group reporting meetings can be a valuable way for the grantmaker to hear from grantees, while also facilitating exchange between grantees so they can learn from each other. This group reporting not only builds capacity and networks, it also encourages collaboration rather than competition between grantees.

2.4.11 *Receive report and acknowledge*

When reports are received, acknowledgement by the grantmaker is important, either as a letter, phone call or personal meeting. If you have a website, reports can be loaded up to illustrate to others the work being done with grants. You are also promoting the grantees to other grantmakers and potential supporters by presenting their results publicly. Dissemination of the results of your grants is discussed in the next section.

2.5 Take stock of your progress and achievements

When the reports have come in from your grant recipients – good, bad or indifferent – it is then time to take stock. After several grantmaking cycles, or having granted for several years, your grantmaking will have started to take shape. There will be trends and patterns in granting decisions, and enough information from the reports and activity of your grantees to provide a basis for assessing your progress.

2.5.1 *Assess the grantmaking outcomes*

When taking stock of your progress, there are several levels of assessment:

Accountability – You will need to ensure that the money was spent appropriately. Did they do what they said they would do?

Monitoring – You will also need to be aware of what has been happening over time with the funding, and keep track of vital information. What is happening?

Evaluation – Finally, you will need to learn about the benefits and the lessons that will influence how you and your grant recipient work into the future. What did we achieve and what have we learnt?

Note the differences between monitoring, accountability and evaluation:

Monitoring is:	Accountability is:	Evaluation is:
systematically collecting and analysing information	taking responsibility for performance in the light of agreed expectations	discovering the truth about what is of value
keeping a regular check on what is happening	comparing the outcomes with what was proposed	reflecting on the past, present and future
keeping an eye on progress	answering as an obligation and confirming that someone did what they said they would do	considering whether it is okay in the circumstances
considering what has changed over time	providing verification with accurate records and information	drawing on experience to check whether everyone involved is still happy

We believe that evaluation should not be conducted simply to prove that a project worked, but also to improve the way it works. Therefore, do not view evaluation only as an accountability measuring stick imposed on projects, but rather as a management and learning tool for projects, for the foundation, and for practitioners in the field who can benefit from the experiences of other projects.

Kellogg Foundation, Michigan USA

Different forms of evaluation

The Changing Evaluation Paradigm[32]

The challenge foundations face in evaluation is to understand the full range of choices available, the different purposes they serve, and the circumstances in which they are relevant, in order to choose the approach that best captures the information needed.

The various methodologies and tools that can be used by grantmakers include:

Cluster evaluations look across a group of similar projects to identify commonalities or unique contributions that can inform planning and policy development.

Developmental evaluations take place in situations in which goals and outcomes are not preset but emerge as learning outcomes.

Formative evaluations are carried out while a project or programme is implemented to provide timely, continuous feedback as work progresses.

Project evaluation focus on the results of specific projects.

Summative evaluations assess the overall impact of a project, often reporting on a completed programme for an external audience, such as a group of grantmakers.

Each of these types of evaluations can be undertaken using:

- **questionnaires**
- **surveys**
- **interviews**
- **focus groups**
- **file searches**
- **data analysis from original sources, for example, diaries, minutes and meeting records, annual reports, scrap books, photo albums, finance records**
- **informal and open inquiry, for example, open discussions on strengths and weaknesses, observations and perceptions on site visits.**

[32] *From Insight to Action: New Directions in Foundation Evaluation,* Mark Kramer et al William & Flora Hewlett Foundation: www.fsg-impact.org April 2007

An evaluation checklist

The key to effective grantmaker monitoring and evaluation lies in good planning and processes, based on obvious questions that will help you to define how to go about gathering information. The primary objective is for both the grantmaker and the grant seeker to assemble the necessary information and learn together from the funding experience. So first, clarify why, what and for whom, before how – you need to be asking and answering the right questions.

Why do you need the information?

Is it for your internal purposes of acquittal? Is it for yourself or others? Is it to convince other grantmakers and attract further support? Or is it to educate or lead others in policy?

Evaluation can be used to:

Identify needs and gaps
Develop objectives and strategies
Determine focus and priority
Understand implementation
Examine effectiveness
Inform improvement and development
Learn and share your learning

Michael Blewden, Massey University, SHORE Whariki

What is it you want to evaluate?

Do you want to evaluate the grants you give individually or as a collection? Do you want to find out more about the people you give the grants to? Do you only want information about the work you funded or do you want to know generally about the effectiveness of the organisation you have supported?

Five key aspects of the work may be addressed:

- THE INPUTS – the money, time and other resources that went into the organisation or project
- THE APPROACH AND PROCESSES – the ways in which the work has been done
- THE OUTPUTS – the quantity and quality of the services or activities provided as a result of your funding
- THE OUTCOMES – the impact of the work in meeting needs, solving a problem or creating better options – essentially the difference that resulted for the people involved
- THE OPPORTUNITIES – spinoffs and longer term benefits created as a result of the funded activity.

Who will use the information?

You? Your grant recipients? Your board of trustees and staff? Your co-funders? Policymakers? Who else?

Evaluation for learning[33]

… to move beyond amassing data and information to creating a culture where people reflect on that data and information in a way that leads to better thinking and better results…

Grantmakers for Effective Organizations 2007 Washington DC

[33] *'Data Mining and Evaluation' Evaluation Collaborative Project: Building Knowledge in Evaluation,* May 2009, ASB Trust, Shore, Massey University

Recent research in evaluation for grantmakers

Influential research was released in 2007 in a report "From Insight to Action: New Directions in Foundation Evaluation"[34]. This research was lead by Mark Kramer, with a team of people in Boston USA, who set out to identify major trends and emerging approaches to evaluation in the field of philanthropy. The motivation behind the project was to increase effectiveness of both grantmakers and their grantees, and to assist them to achieve greater impact.

Evaluation has proved most useful when used to answer three questions addressing different stages of the grantmaking process:

- ***How can we better plan our work?***
- ***How can we improve implementation?***
- ***How can we track progress towards our goals?***

These questions cannot be considered in isolation. They form an integrated cycle of continual performance improvement. Within each stage, however, our research disclosed a short list of activities and data sources that foundations currently use in their evaluation efforts :

- ***How can we better plan our work?***

  Gathering baseline data and defining realistic and measurable objectives

  Extracting relevant learnings from past grantmaking efforts of the foundation or of other funders

  Summarising relevant research from public data, academic studies, and the reports of field leaders

  Investigating the capabilities and priorities of potential grantees and funding partners

  Assessing the attitudes of target populations and the demand for proposed services.

- ***How can we improve implementation?***

  Bringing grantees together to share knowledge and overcome common obstacles

  Offering advice and technical assistance on improvements in programme design, management or implementation

  Identifying new issues or opportunities for foundation intervention

  Reporting on changes in context that alter the assumptions behind the original strategy

  Providing information that can influence the behaviour of others – funders, legislators, other nonprofits or the beneficiaries themselves

  Improving the foundation's internal operations.

- ***How can we track progress towards our goals?***

  Analysing publicly available data

  Developing or purchasing custom data

  Administering surveys and collecting feedback through site visits, interviews or focus groups

  Aggregating data from grantees.

[34] *From Insight to Action: New Directions in Foundation Evaluation,* Mark Kramer et al William & Flora Hewlett Foundation: www.fsg-impact.org April 2007

Five broad principles underlying effective evaluation[35]

The research also disclosed five broad principles that seem to underlie effective evaluation practices across all applications, and are likely to be useful at every stage of grantmaking:

Create the organisational culture and processes necessary to translate information into action

Foundations must develop the internal processes to convert raw data into insights, and insights into action.

Foundation leaders must also create a culture where learning is rewarded and staff have the time and resources to monitor current initiatives and make mid-course corrections.

Directly engage key decision makers

The more engaged participants are in the evaluation effort, the more likely they are to act on the results.

Let grantees take the lead

Although grantees usually defer to funders in setting performance metrics, the most accurate and efficient metrics we found were often developed by grantees.

Choose the fewest and simplest measures

A small number of key measures on the most basic indicators of success generally provide the most workable solution.

Use targeted, compelling methods of communication

In this information-saturated age, the way evaluation results are communicated is as important as the methodology and findings.

[35] *From Insight to Action: New Directions in Foundation Evaluation,* Mark Kramer et al William & Flora Hewlett Foundation: www.fsg-impact.org April 2007

Notes

Promising Practice

Hard evidence from the Get-Go

The I Have a Dream Charitable Trust (IHAD) has a sound formative evaluation programme running alongside it, backing it up and informing how and what they do. IHAD is sponsoring a whole class of children from a decile one school and supporting their educational and social needs right though until they finish some form of tertiary education. IHAD sponsor Scott Gilmour recognised he would require an evaluative process right from the start and that it would be a cornerstone of their work.

"I knew from the get-go that I would need a hard body of evidence that would inform our project on an annual basis as well as long-term. Before we even started the project I contracted specialist evaluators from The Education Group. They set up a formative evaluation process that is multi-faceted, taking into account not only the dreamers' education but their attitudes to a myriad of things from drugs to future careers. They collect academic data, such as school reports, and the evaluator talks to families, teachers, our staff and volunteers. We are gathering substantive qualitative and quantitative data."

The process also uses a control group. All the material gathered is used to inform the IHAD progamme in the short term as well as the 15-year longitudinal study (the duration of the IHAD project).

"We have made really big tweaks to the programme as a result of what the evaluation tells us. We learnt we would need to run literacy and numeracy programmes, that each child required an Individual Learning Programme. It's helped us adapt to the changing needs of the growing dreamers."

Scott points out the evaluations are blunt and can be critical. "They show us some of the things we tried didn't work. It showed very poor record keeping by a school; we had to deal with that."

He says the process can be time consuming and frustrating. "Getting forms to people, arranging numerous meetings, motivating responses; but underlying this is our commitment to support these children. We are not replacing their school education , we are supporting it, and we need the professional guidance and fresh eyes of those not bound up in IHAD to assist us. Part of what we do is take risks, try things that others, such as teachers or families can't. We need hard data to back up the success, or otherwise, of those risks. We will take advice and use experts where it is shown to be necessary.

As a result of the evaluations, we've pulled in help from other areas including mentoring consultants, reading recovery specialists, Ministry of Social Development Staff, etc when we've needed them."

It is an expensive investment but Scott sees great value in not only how it assists his work but also future IHAD projects, as well as the education and social sectors. "The multi-faceted levels of understanding we are getting from this data over the 15 years is going to be very useful."

More information: www.ihaveadream.org.nz

Promising Practice

Involving the community in a grantmaking review

The willingness of grantmakers to open their doors to external views is valuable self-reflection, that is part of the cycle of continuous improvement. In order to improve their work, grantmakers need to hear from grant seekers and peers, and identify what they will continue to do well and what they will do differently. By maximising the 'listening' to communities and groups of interest, a grantmaker can strengthen their connections with the communities they serve, and establish reciprocity which is the core of contemporary notions of community philanthropy.

The Whanganui Community Foundation completed a strategic review of their organisation in 2002. Their Chief Executive Judith Timpany says the review was extremely valuable "because it confirmed for us that we were on the right track, were responsive to the needs of our community and also pointed to areas where we could make improvements.

"One of the unexpected findings was that the community placed the highest value on the professional development programme that we provided for the community and the ability to have open chats about issues with the Foundation staff. We had assumed that our money would be the top priority for our community and it was number 3! This led to a realisation that, as a grantmaker, we have far more resources than just our money and we have developed this aspect since.

"While a little scary at the time it was a great exercise and provided a lot of valuable feedback and affirmation."

Grantmaking will have an impact on the people it serves if they are enlisted as partners and given the opportunity to share the vision and leadership, and pride in achievements. Review and forward planning could be undertaken in partnership with groups and communities to:

- clarify the expectations of communities and groups served by a grantmaker, whether a selected group or an entire population
- ask what is most valuable about the work of the grantmaker, and what they want to see more of in the future
- invite new options, suggestions and challenges for the grantmaker as they plan their future role and directions.

The Whanganui Community Foundation, J R McKenzie Trust, Trust Waikato, and Community Trust of Southland are some of the grantmakers in New Zealand who have completed strategic reviews in recent years, with input from their communities as a hallmark of that work.

More information:
www.whanganuicommunityfoundation.org.nz
www.trustwaikato.co.nz
www.ctos.org.nz
www.jrmckenzie.org.nz

2.5.2 *Disseminate and share outcomes*

A critical role for grantmakers, and one sometimes overlooked, is the acknowledgement of work completed with your grants, and dissemination of what has been learnt and achieved. This stage is important, not only to savour the meaning and value of the work made possible by grants but also for several other reasons.

First, by promoting your granting outcomes, you are recommending and supporting your applicants, and that endorsement is highly valued by many grantees. As well as giving them dollars, your imprimatur as a grantmaker will add to their reputation and acumen, and assist them to attract further funding and support.

Second, some of the best outcomes of philanthropy have been those that were taken to scale, often picked up and funded by government as mainstream services or programmes. Grantmakers can also play an important role in advocating for continued support of work that has proven success and value, and may disappear if not supported as on-going initiatives. One of the strongest criticisms of innovative grantmaking is that when great ideas and innovations are funded, they may wither and disappear for lack of on-going funding. So if time allows, talk with peers and colleagues to keep ideas alive, and take activities and projects to scale (ie, propagate and get them funded in all communities if they work). Encourage peer grantmakers to partner or take on funding from where you have left off.

Third, sharing the good news is a valuable exercise for grantmakers, especially if the work has been innovative or new. As an innovator, there is a contingent responsibility to disseminate information about funding activities to a wider audience, and contribute to the growing body of research and ideas for practitioners and policymakers in the social sciences. To fund activities that can then influence policy and practice is an important added-value from grantmaking dollars.

Fourth, dissemination of lessons learnt is crucial for effective grantmaking. From your work, you may be able to point to things to avoid, things that could have been done better. In grantmaking, there is no such things as mistakes, there are only lessons learnt, which are best shared to help others chart the way forward!

Checklist of options on how to disseminate and promote achievements from your grants:

- **Spread the word by showcasing projects in annual reports, newsletters and other publications, and on websites**
- **Promote exchange and discussion about achievements at conferences and seminars**
- **Offer to provide other grantmakers with details of the activities you fund, and encourage them to contribute funds as a partner**
- **Convene your own event, for example a lunch or excursion, to highlight the work done with grants, and invite the applicants and people who benefited to tell their story**
- **Let government know about your work, and direct information to the appropriate area of policy and funding**
- **Release stories and brief summaries of outcomes for general media and public interest.**

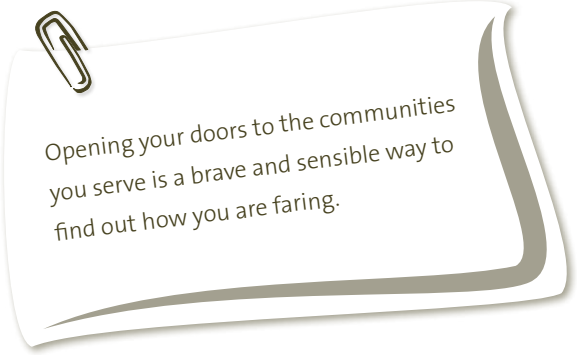
2.5.3 *Regular review of your grantmaking*

In addition to reviewing the outcomes of grants given, grantmaker reviews of their own activities are an increasingly common practice in the search for precision and effectiveness. This is where time and resources are put aside to look at how the grantmaking organisation is going in its own operations, apart from the performance of the grants being given. Intentions may include:

- **reflect internally on progress to date and achievements of granting**
- **strengthen ideas and plans for the future**
- **troubleshoot on problems and responses in times of crisis, and bring in necessary or desired changes**
- **promote discussion, exchange and a team approach between staff, board members and others**
- **gather external views from peers and communities served**
- **reflect on the broader philanthropic environment in which the grantmaker is operating**
- **formally evaluate aspects of your grantmaking, eg performance of staff or trustees, governance procedures, cost efficiency, publicity, processes for attracting grant applications or the general impact of your granting on society. Specialist work could be commissioned to assess the value and impact of particular funding activities or areas of granting.**

There is no one way for grantmakers to undertake a strategic review, as so many factors come into play. The process will ideally reflect the priorities and circumstances of the grantmaker, be relevant to their stage of growth or development, and depend on available time and resources. Examples of review processes that have been used by grantmakers in New Zealand are:

- Staff and board members taking time out to spend a day or weekend together to discuss their progress and future plans, and reflect on their positioning as a grantmaker
- Special briefing sessions to provide background and update grantmakers, covering emerging trends and developments in the New Zealand philanthropic sector, or global issues and questions which have implications for grantmaking
- Written surveys or questionnaires distributed to selected groups or individuals to gather specific information on granting activities.



Celebrate

Definition : **to refrain from ordinary business**
to observe with festivity or rejoicing
to extol or praise publicly
to make widely known or display.

So the final step for grantmakers who have made their way along the grantmaker's pathway is to celebrate, to share encouragement and joy at the outcomes of those grantmaking dollars. Before forging ahead to begin the cycle of granting once more, take the time to raise a glass, to share hospitality and generate enthusiasm for the benefits, the lessons learned, the new ideas that have emerged, and to congratulate and thank the many people who have brought these philanthropic dollars to life.

Celebration can take various forms, depending on available resources, time and priorities. An official function such as a conference or a reception may be organised, or an informal party. A small group may be involved, or a cast of hundreds. A showcase of achievements can be assembled, as simple as a powerpoint presentation of photos, or an exhibition or performance can be mounted to entertain a wide audience. A special publication can be produced, or a public address can be given by a carefully selected speaker – there are many clever and informative ways that grantmakers have chosen to celebrate and acknowledge the outcomes of their funding.

Whatever form the celebration takes, the important thing is that time is set aside to pause, and to acknowledge the humanity, fulfillment and inspiration of grantmaking. There are very few mistakes you can make as a grantmaker, but one definite error is to miss the chance to celebrate.

Notes

3 Resources and references

Glossary of Māori/Pacifika Terms

Fono	Meeting (Samoan)
Auahatanga	Creativity
Hapū	Sub-Tribe
Hui	Meeting, Gathering
Iwi	Tribe
Kaumātua	Elders
Kaupapa	Philosophy, Topic, Theme
Koha	Gift, Donation, Offering
Kuia	Elderly Woman
Kumara	Sweet Potato
Manaakitanga	Bless, Hospitality, Cherish, Generosity ,Kindness
Māori	Indigenous people of Aotearoa New Zealand
Ngāi Tahu	A tribal group from the South Island
Pākehā	New Zealand non-Māori
Pasifika	People of Pacific Islands
Puna	Pool, Spring
Tipuna/Tupuna	Ancestor
Tangata whenua	Indigenous people of the land (local people)
Te reo Māori	The Māori language
Tikanga	Customs, Protocol Lore, Processes, Proceedures, Practice
Te Tiriti o Waitangi	Treaty of Waitangi
Whakapapa	Geneology

Language of the grantmaking world

Newcomers to the world of grantmaking are sometimes confronted with unfamiliar language and terminology, which is partly because the language of philanthropy is still forming and bedding down. For example, there are numerous terms used to refer to a grantmaker – donor, funder, philanthropist, social investor, social entrepreneur... and all of them are useful.

To assist with the challenge of becoming familiar with grantmaking language, glossaries of philanthropic terms have been developed by membership organisations across the world, including Philanthropy Australia[36] and the Council on Foundations[37] in the United States of America.

These glossaries are readily available on the web. Some of the definitions have universal application for grantmakers and philanthropy in general. Other terms are only relevant to a particular country, because they are based on a particular history, laws or financial regulation systems. Extracts below have been drawn from the Philanthropy Australia PhilanthropyWiki. This Glossary, defining more than 90 different words, offers value for New Zealand grantmakers, who share the use of many terms and philanthropic concepts with Australian grantmakers, and have much in common as peers and partners.

[36] *Philanthropy Australia http://www.philanthropy.org.au/PhilanthropyWiki Category:Glossary*

[37] *Council on Foundations http://www.cof.org/ Community Foundations National Standards Board http://www.cfstandards.org/resources/glossary.asp*

Glossary

PhilanthropyWiki: The following Glossary includes edited extracts from PhilanthropyWiki, plus additions from glossaries of the Council on Foundations and the European Foundation Centre. PhilanthropyWiki was developed and maintained by Philanthropy Australia and made possible with the support of the Macquarie Group Foundation.

Affinity group
A coalition of grantmaker organisations or individuals and other interested people with a shared interest in a particular subject or funding area, that meets to exchange information, provide networking or professional development opportunities, or facilitate collaborative programs.

Assets
Money, stock, bonds, real estate or other holdings of a foundation. Generally assets are invested and the income is used to make

Beneficiary
Individual or organisation that receives a grant.

Bequest
A sum of money made available upon the donor's death by provision in their will. Many people leave bequests to charities. Many charitable foundations in Australia have been established by bequest.

Corporate Social Responsibility
Corporate Social Responsibility (CSR) is a descriptive term and there is currently no generally accepted definition, as the language is still evolving. Two useful definitions which cover the essential concepts are:

- The commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life. (World Business Council on Sustainable Development)
- Operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business. (Business for Social Responsibility)

Capital asset
A capital asset is an asset of a permanent or fixed nature, such as goods, equipment, buildings and land.

Capital Grant
A grant made to an organisation towards a major item of capital expenditure, such as the construction of a building. Although many trusts and foundations specifically exclude funding such appeals, there are exceptions where there is community benefit.

Cause
In philanthropic terms, a cause is defined as a principle, belief or purpose to be represented or supported.

Cause-Related Marketing
Used where a company allies itself with a specific cause, and contributes money, time or expertise to an organisation or event for that cause in return for the right to make publicity or commercial value from that involvement. The corporate benefit is generally less overt than in a sponsorship arrangement.

Challenge Grant
A grant that is paid if the recipient organisation is able to raise additional funds from other sources, which may be used to stimulate giving from other donors. The term can also refer to fundraising, with a private trust or foundation matching dollar for dollar contributions from, for example, the local community.

Charitable Endowment Funds
A Charitable Endowment Fund is a type of public fund often referred to as an "umbrella" fund. Generally maintained by a trustee company or financial services company, a charitable endowment fund will be able to maintain donor accounts (sometimes referred to as 'sub-funds') which can be maintained in perpetuity and offer a tax deduction to donors.

Charity
The word "charity" can be used to describe a type of organisation or a concept.

In popular use the term charity is often used as a synonym for voluntary, or not-for-profit organisations, popularly understood as organisations that raise funds for or offer support to the disadvantaged in society. However, the legal meaning of the term can differ from the popular understanding.

Collaborative Program
In philanthropic terms a collaborative program usually means a program which is carried out by two or more organisations working together.

Community Foundation
An independent philanthropic organisation working in a specific geographic area which, over time, builds up a collection of endowed funds from many donors in the community. It provides services to the community and its donors, makes grants and undertakes community leadership and partnership activities to address a wide variety of needs in its service area. (Adapted from a statement by Suzanne Feurt)

A community foundation is a vehicle for local donors who wish to contribute their cash, trusts, bequests or real property to create permanent endowments that will benefit the community in perpetuity. Using the investment earnings on each endowed fund, a community foundation makes and builds capacity within the community to address local needs and opportunities. Their task is to build substantial, permanent funds from which grants are made to local charitable and community organisations. These funds function much

like permanent community savings accounts, where the community - personified in the board and its decision-making bodies - has the say over how to distribute the earned interest.

Conditional Grant
Conditional grants involve one grantmaker seeking the involvement of others, by making their grant a part of the project funds conditional upon the remainder being available from other sources. Proof of the conditional offer can be used in seeking funding elsewhere, or to raise a loan for the balance of funds sought.

Corporate
In philanthropic terms, corporate can be used in the following ways:

- As a noun, referring to a corporation (a legal entity which has a separate indentity to its members) or a company.
- As an adjective, referring to matters which have to do with a corporation.

Corporate Citizenship
Terms used in the business sector to refer to business giving, ie. business relationships and partnerships with nonprofit organisations.

Corporate Foundation
A Corporate Foundation receives its income from the profit-making company whose name it bears, but is established as a separate legal entity, usually with a permanent endowment. They often receive staff contributions and/or contributions from company profits on a regular basis. Company-sponsored foundations are different from corporate giving programs which give grants direct to charities and are usually administered through the company's corporate affairs or public relations department.

Corpus
The original gift and ongoing principal that forms the asset base from which a foundation operates.

Disbursements
The grant funds distributed by a foundation to grantseekers.

Discretionary Funds
Grant funds which are distributed according to a donor or trustee's discretion rather than by predetermined priorities.

Donee Recipient
Individual or organisation that receives a grant. Other terms that fit this definition:

- Donee
- Grantee
- Beneficiary

Donor (Grantmaker)
Individual or organisation that makes a grant. The term "grantmaker" is a descriptive term and may be used to refer to many different types of organisations or individuals.

Donor Advised Fund
A Donor Advised Fund is a vehicle for charitable giving, also known as a sub-fund. In the USA this is a vehicle offered by Community Foundations and other commercial and nonprofit organisations. In Australia the equivalent is a sub-fund operating under the auspices of a community foundation or other Ancillary Fund. It is not legally possible for an Ancillary Fund to guarantee or promise that they will follow the donor's direction for sub-funds; the donor may make requests, and the Ancillary Fund trustees will choose whether to follow those requests.

Endowment
A capital fund, usually invested in perpetuity, to provide income for grantmaking purposes.

Ethical Investment
An investment policy which specialises in environmental and socially responsible investment, and is informed by shared commitment to improve the ethics of corporate Australia and promote ecologically sustainable and socially just enterprises through judicious investment.

Ethical investment (sometimes referred to as green, socially responsible or conscious investment) comes from the desire to ensure that an investor's investments are working in the same direction as an investor's ethics. For many people this means investing in investments that protect the natural environment while contributing to a just and sustainable human society.

Ethical investment has two sides:

- avoiding unethical investments that damage others or the environment;
- promoting environmentally and socially responsible investments such as green and sustainable technologies.

Evaluation Grant
Made to a project that has run successfully as a pilot project and requires a formal external evaluation before seeking major support or sponsorship. The grant effectively works as a leveraging tool, enabling the recipient to seek further funding with accurate, extensive and impartial information on their project for potential grantmakers to consider.

Family Foundation
A family foundation is a descriptive term used to refer to private foundations that have been established by a family. They are either run by family members or managed by members of the original donor's family with, in most cases, second or third generation descendants serving as trustees or directors on a voluntary basis.

Foundation
The word "foundation" has no precise legal meaning, and can be used by many different types of organisations. In philanthropic terms it is usually used to refer to a trust designed to make grants to charities or to carry out charitable purposes. It may also be used to refer to a fund which exists to provide ongoing support to a particular organisation, or to a charitable organisation itself.

Fund
A fund is a legal vehicle which manages and/or holds trust property to make distributions to other entities or persons

Funding Round
A chronological pattern of making grants, reviewing proposals and grantee notification. Some foundations make grants at set intervals (quarterly, semi-annually, etc.) while others operate under a continuous cycle.

Fundraising
Fundraising is the practice of seeking funds for the support of a particular organisation, individual or cause. Fundraising and philanthropy are not the same thing, although they are often confused. Put simply, philanthropy is the act of giving; fundraising is the act of asking.

Funds
In philanthropic terms, the word funds can refer to several things:

- In simplest terms, it is the plural of fund
- More often, "funds" are used to refer to financial resources

Governance
The term governance is used in a number of different ways. In philanthropic terms, it is generally used to refer to the way an organisation is guided internally, including the way in which important decisions are taken and the processes an organisation has to ensure accountability of managers.

Grant
A grant is a gift (usually of money) given for the common good. Most grants are given for a particular purpose. Grants are most commonly made to nonprofit organisations, but may also be made to individuals, often in the form of a scholarship or fellowship for study or research.

Grantee Recipient
Individual or organisation that receives a grant. Other terms that fit this definition:

- Donee
- Grantee
- Beneficiary

Grantmaker
Individual or organisation that makes a grant. The term "grantmaker" is a descriptive term and may be used to refer to many different types of organisations or individuals. Other terms that fit this definition:

- Donor

Grantmaking
Grantmaking is the process of providing a grant (a sum of money) to an individual or organisation so that they may carry out activities for the common good.

Grantseeker
A grantseeker is an individual or organisation actively seeking grants or funding from philanthropic sources.

In Kind Contribution
A donation of goods or services, time or expertise, rather than cash or appreciated property.

Individual Donor
Individual donors are those who are making donations from their personal finances, but have not established a legal vehicle for their giving.

Individuals
In philanthropic terms individual is a term used to indicate a person who is unattached to an organisation. Most Australian philanthropic foundations are unable to fund individuals except via Scholarship or fellowship funds or travel grants for professional purposes.

Instrument of Trust – Trust Deed
A trust deed is a document which conveys the title to property to the trustee(s), and which sets out the purposes for which a trust has been formed, and the powers and obligations of the trustee(s).

Knowledge Management
Knowledge management is a term relating to systems which enable the effective creation, sharing, storage and application of knowledge. This may include both explicit knowledge (that which is easily accessible and clearly articulated to anyone who reads, sees or hears it) and tacit knowledge (that which is unwritten and not openly expressed, but is understood through a synthesis of experience, shared values, and cultural understandings).

Knowledge management is important to philanthropy because of the large quantities of knowledge which philanthropic foundations generate through their grantmaking work. It can be argued that sharing knowledge is directly related to the mission and aims of most charitable foundations:

- Sharing knowledge about a foundation-funded programme can help others design more effective programmes which will provide more benefit than the original programme could

- Sharing knowledge about why a foundation-funded initiative did not succeed can assist others to not make the same mistake
- Learning from the knowledge of others in the sector enables a foundation to take advantage of other foundations' learning, processes and strategies
- Knowledge sharing in the sector means that a foundation which wishes to promote a programme or initiative is able to back up its claims of effectiveness and to attract more partners and co-funders

Major Support
In philanthropic terms, major support is defined as funding and/or other support which constitutes a large proportion of a project or organisation's core costs.

Matching Grant
A grant or gift made with the specification that the amount donated must be matched one a one-to-one basis or some other prescribed formula.

Named Fund
A Fund established by, or named for, an individual, family, corporation or other group to carry out the charitable interests of the donor(s) or deceased/honoree

Not-for-profit
A not-for-profit organisation is an organisation whose primary objective is something other than the generation of profit, and which does not distribute any profit to the organisation's members. A not-for-profit organisation may have a "profit" – or surplus – left over after operating costs, but whereas a for-profit business would distribute that profit to its owners, shareholders or members, a not-for-profit must use the surplus to further the purpose of the organisation and its activities.

Not-for-profit organisations are entitled to pay salaries and to engage in activities which will earn money such as charging for services, selling or leasing property, and investing in shares.

Not-for-profit organisations range from sporting clubs and hobby groups to community centres, neighbourhood houses, traditional charities, disability support groups, aged care homes, etc.

Operating Support
A contribution given to cover an organisation's day-to-day on-going current expenses , such as salaries, utilities, office supplies and other administrative expenses.

Perpetuity
Many charitable trusts are established in perpetuity, meaning that they are established with the intention that they will continue forever. Whether perpetuity is desirable, or whether it is more useful to spend a foundation's assets in the short term, is a much-debated issue in philanthropy.

Partnership Funding
A grant or funding programme where various "partners" have imput into the project. In some cases, this may refer to joint funding between government and philanthropic sources. It may also refer to partners who give resources in kind.

Philanthrocapitalism
Philanthrocapitalism is often defined as the practice of applying business methods and measures to philanthropy, or harnessing the power of the market to achieve the goals of social change. It is seen as partly championed by those who have made large fortunes in the financial markets. Philanthrocapitalists often expect financial or business returns over the long term, or secondary benefits from their investment in social programmes. Philanthrocapitalism is closely aligned to Venture Philanthropy and social enterprises, and definitions differ on how close the overlap is.

Pilot Funding
Given to a project for the purpose of carrying out a trial, which will enable the outcomes to be evaluated before any further funding or expansion of the project. Pilot projects are often for a duration of one year.

Pilot Project
A pilot project is generally a project which is designed as a test or trial to demonstrate the effectiveness of a full programme.

Private Charitable Fund
A private charitable fund is a privately controlled charitable trust established during the founder's lifetime and operating solely for charitable purposes. It will usually have the power to make grants to charitable organisations, and may also have the power to apply its funds for its own charitable purposes.

Private Foundation
A private foundation is a descriptive term generally used to refer to a non-governmental, nonprofit organisation established by an individual or group of individuals, which is governed by a trustee or board of trustees and which makes grants for the public benefit. Generally a private foundation will have a corpus of funds which is invested, and the income is given out in the form of grants. Some private foundations are limited to making grants to particular organisations, or to particular geographic areas. A private foundation must be guided by the will or trust deed, which is the legal document by which the foundation came into being.

Pro Bono
The term pro bono comes from the Latin pro bono publico, "for the public good". Pro Bono generally refers to the provision of professional services voluntarily and free of charge. It is most commonly used to refer to legal services, but can also refer to other types of professional service such as accounting or auditing.

Recipient
Individual or organisation that receives a grant. Other terms that fit this definition:

- Donee
- Grantee
- Beneficiary

Scholarship
In philanthropic terms a scholarship is defined as a payment to a student to cover school fees, textbooks and other educational expenses such as travel and accommodation costs. Scholarships may be one-off or ongoing payments. Most scholarships are awarded on academic merit, and some also have conditions attached such as the university or school at which the student will study, the area of study, the economic circumstances of the recipient or the gender or race of the recipient

Sponsorship
Sponsorship is a term generally used in the context of corporate giving. It usually refers to an arrangement in which the sponsor, generally a company or individual, supports an event, activity, organisation or person through the provision of money, goods or services. Sponsorship typically provides a tangible benefit to both the recipient (which benefits through receiving material support) and the sponsor (which benefits via enhanced public image and access to a wider audience). The recipient will usually be required to provide some service back to the sponsor, such as advertising or naming

Trust
In simple terms, a trust is a fund or property legally held or administered by a trustee for the benefit of others. There are many different types of trust, not all of which are for the public benefit. In philanthropic terms, a charitable trust is the legal vehicle used to hold and invest money or property which is disbursed for the public benefit to charitable causes and organisations.

Trust Deed
A trust deed is a document which conveys the title to property to the trustee(s), and which sets out the purposes for which a trust has been formed, and the powers and obligations of the trustee(s).

Trustee
In broad terms, a trustee is a person or organisation managing a trust on behalf of the person who created it. There are many types of trust, including charitable trusts (or foundations). The types of people who are trustees will depend on the legal structure of the trust.

Trustee Company
A trustee company, or trustee corporation, provides a wide range of wealth management services including estate planning, administering deceased estates, managing the financial affairs of persons unable to look after their own interests, and administering charitable trusts and foundations.

Venture Philanthropy
Venture philanthropy is the application of venture capital principles and practices, such as long-term investment and capacity building, to not-for-profit organisations. Venture philanthropy assists nonprofit organizations in the plan, launch and management of new programmes or social purpose enterprises.

Wealth
Wealth is defined as an abundance of money and possessions. While philanthropy has traditionally been seen as an activity for very wealthy people, it is becoming accepted that there are philanthropic structures and activities which anyone can participate in regardless of wealth levels.

Will
A will is a legal document containing directions for the disposal of a person's property after their death. A will may include provisions for philanthropic giving, such as a Bequest to a charity, or directions for establishing a Testamentary Trust.

Other online glossaries include: Community Foundations National Standard Board Glossary: www.cfstandards.org/resources/glossary.asp and WINGS Glossary www.wingsweb.org

Toolkit references and recommended resources

A Concise Guide to the Learning Organization, Mike Pedler, Kath Aspinwall 1998

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Creative Philanthropy: Towards a New Philanthropy for the Twenty First Century, Helmut Anheier, Diana Leat, Routledge 2006

Data Mining and Evaluation, Evaluation Collaborative project: Building Knowledge in Evaluation, May 20th 2009, ASB Community Trust, Shore, Massey University

From Insight to Action: New Directions in Foundation Evaluation, Mark Kramer et al April 2007

Future Focus: A Guide to Developing Youth-Friendly Funding Models in Aotearoa, Alison Perrin et al J R McKenzie Trust 2007

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Inspired Philanthropy: Your Step By Step Guide, Tracy Gary, www.inspiredlegacies.org 2008

Keeping it Legal – E AI KI TE TURE, Legal Responsibilities of Voluntary Organisations in New Zealand, www.nzfvwo.org.nz 2005

Listen, Learn, Lead: Grantmaker practices that support nonprofit results, Grantmakers for Effective Organisations 2006

Making Things Simpler For Fundseekers, Penelope Carroll JULY 2008, www.waitakere.govt.nz www.ASBCommunityTrust.org.nz./Trust-research.html

Money Well Spent, A Strategic plan for Smart Philanthropy, Paul Brest William and Flora Hewlett Foundation, Pub. Bloomsbury, ISDN:978-1-57660-312-3

The Effective Foundation: A Literature Review, David Cutler, The Baring Foundation 2008, www.baringfoundation.org.uk

The Grantmaking Tango: Issues for Funders, Julia Unwin 2005, www.baringfoundation.org.uk

The Grant Seeker's Guide to Successful Funding Applications, Trust Waikato, www.trustwaikato.co.nz

The Insider's Guide to Grantmaking, Orosz, Joel. WK Kellogg 2000

Useful websites

Philanthropy New Zealand membership body for grantmakers and philanthropy in New Zealand, **www.giving.org.nz**

Bridgespan Group US organisation helping philanthropy breakthrough strategy, leadership and results, **www.bridgespan.org**

Community Net which has information for community groups on all sorts of things, including raising funds, **www.community.net.nz**

Funding Information Service the best place to start locating grantmakers in New Zealand. Their databases describe hundreds of funders, and information can be purchased or accessed in many places around the country, **www.allaboutfunding.org.nz**

FSG Social Impact Advisors a US organisation dedicated to accelerating social progress throught philanthropy and CSR, **Fsg-impact.org**

Grantcraft is a website from the USA, funded by the ford foundation, providing quality resources for grantmakers, **www.grantcraft.org**

Grantmakers for Effective Organsiations (GEO) a US based organisation providing comprehensive resources to grantmakers, **www.geofunders.org**

Office for the Community and Voluntary Sector is the government agency working to improve working relationships between government and community groups, **www.ocvs.govt.nz**

Philanthropy Australia is the member organisation for philanthropists and grantmakers in Australia, **www.philanthropy.org.au**

Philanthropy Wiki is an online encyclopaedia and archive of knowledge on philanthropy in Australia, also relevant in New Zealand, **www.philanthropywiki.org.au**

The Center for Effective Philanthropy provides comparative data to enable higher-performing foundations, **www.effectivephilanthropy.org**

Notes