



BLOOD, SWEAT AND FEARS: *Lessons learned from 30 years of government grantmaking*

Address by

BARRY SMITH

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Introduction

This paper is a work in progress – it does not claim to be the full history of or a manual on grantmaking in Australia. In its current form for this conference the paper draws together observations on grant application and grantmaking in the Australian context by the author who has worked in the community/not-for-profit, academic and government sectors. The paper presents:

- a brief overview of terms and the environment for grantmaking today;
- the author's reflections on grantmaking over 30 years in Australia; and
- design dimensions that grantmakers today might want to consider as they implement their policy and construct their grant making program.

What is grantmaking?

What are we talking about when we refer to grantmaking to community based organisations? Karsh and Fox provide a succinct definition from the grant applicant's perspective. "A grant is money that allows you (as grant applicant) to do very specific things that usually meet very specific guidelines that are spelled out in painstaking detail (by the grantmaker) and to which you must respond very clearly in your grant proposal." (2003)

An environment for change in approaches to grantmaking

Australia has moved from being a nation whose wealth and prosperity was mainly derived from the rural and mining sectors, to one that is industrialised with a technology and service base and with the majority of the population residing in urban settings. More specifically this shift has been paralleled by changes to the composition of the workforce and family structures. We have also seen the not-for-profit sector grow to a point where organisations such as Philanthropy Australia suggest that it is worth more in GDP terms than the rural sector. The needs and aspirations of local communities, and the families and individuals of which they are made up, have also changed.

These social and economic changes, globalisation, and information technology, have brought both opportunity and challenge to Australian geographic communities and the community organisations that service them. Some communities of location have embraced changes and have thrived. Others, especially those in rural and remote Australia, can have less capacity and capability to exploit change and as a result can be left behind.

As in other western societies, many of the social support structures that have traditionally helped families and communities to cope with change, such as the extended family, social capital networks and community-based not-for-profit organisations, are under stress or no longer exist. Australia's evolving social and economic environment has also seen a trend of decreasing engagement in social institutions. There is also the perception that governments in the past have taken over, through program development, many of the activities that people used to depend on their family or community for, such as childcare or financial assistance in difficult times.

This changing environment has prompted a need for new approaches, both in policy and implementation, to address the issues and problems associated with changes in individual and community capacity and capability and social networks, particularly in disadvantaged urban areas, and rural and remote population centres. In response to these changes some government community policies and implementation approaches are moving away from traditional responses, such as universal submissions and/or competitively structured grants programs and large injections of funds.

There is a move to initiatives that have a stronger element of community engagement, which support community driven development and delivery and help local communities not only to deliver solutions and services to local residents but also to build the capacity and capability to respond to local issues and exploit opportunities. Cavaye (2000) has stated that governments (and other grantmakers, for example business and foundations) need to continue to develop multiple responses to the changing situation of communities. Responses that improve policy and the delivery of services by including a greater role for the grantmaker in helping communities build their capacity and capability to manage change and find new solutions to local issues.

Community, community strength and community capacity

If community capacity and capability building are important to communities, and to the community leaders and organisations that support them, what do these terms mean, what do they look like in reality and how can grantmakers today support them through their implementation processes?

In general terms, 'community' refers to a group of individuals with a shared sense of membership or belonging, a sense of solidarity and significance (Clark 1981). There are a range of types of communities that fit this definition including:

- communities of location or geography such as suburbs, small rural towns or regions;
- communities of interest or identity such as gender, political associations, sporting teams, rural residents;
- issue-based communities such as a short term local environment campaign; and
- incidental or accidental communities such as those found in the workplace, the local 'watering hole', shopping centre or coffee shop. (Clark (1981), Cohen (1989), Craig (2005) and Newby (1980))

An individual or family can be a member of any and all of these communities at the one time and each of the communities we belong to can have different levels of communal strength.

But what makes communities 'strong'? In general terms, communities that are strong are characterised by a high degree of social cohesion combined with a low level of social problems. Community strength is also reflected in a shared positive vision and an acceptance of social diversity. Hughes and Black (2001) define community strength as the extent to which resources and processes within a community maintain and enhance both individual and collective wellbeing in ways consistent with the principles of equity, comprehensiveness, participation, self-reliance and social responsibility.

A strong community is also a sustainable community. The Community Foundation Service (www.tcfichmond.org) notes that in a sustainable community, families exercise responsibility for themselves, neighbours share a vested commitment to their common home, citizens influence events affecting the quality of their lives and the community as a whole values and cares for its children. These characteristics enable the community to develop and sustain itself in the medium to long term. In practical terms, community strength is characterised by features that communities might have or hope to achieve including:

- strong leadership;
- strong and productive networks within and with other communities;
- the ability to build on existing assets and resources (human, social, economic and environmental);
- a 'can do' spirit and optimism about the future (creating opportunities);
- the ability to grasp opportunities that come their way;
- a sense of 'belonging' to the community among its members; and
- the ability to embrace change and take responsibility for local outcomes (Kenyon 2001).

Community capacity

For communities to achieve the outcomes they desire, they need the capacity to act. The level of community capacity depends upon the assets, resources and skills that a community can draw on to grasp opportunities and address local problems. The Aspen Institute (1996) and Hughes and Black (2001) define the key elements of community capacity as:

- commitment: the community-wide will to act, based on a shared awareness of problems, opportunities and workable solutions;
- resources: financial, natural and human assets and the means to deploy them intelligently and fairly;
- knowledge: having the information or guidelines that will ensure the best use of these resources; and
- skills: including the talents, expertise and governance structures and processes of individuals and organisations that can be drawn upon to address problems and seize opportunities.

The degree of community capacity is directly related to the assets of an individual or group and the assets of the social and economic environment. An individual may have a high level of skills and motivation (human capital) but these will not be utilised by the community if there are no opportunities for the individual to actually participate in community activities. To make the most of human capital then, social capital (such as networks, trust and leadership), economic capital (such as infrastructure and resources) and environmental capital (local natural resources) need to be present also.

It should be noted that in much of the community literature the term capacity is used in a broad sense. It tends to encapsulate less tangible aspects such as will, energy, commitment, vision, etc. as well as the more tangible elements such as skill and resources. It is not the place to discuss this fine distinction, but the author believes we are confusing two terms – capacity and capability. The author would argue that we should be using capacity to refer to the less tangible aspects and capability to refer to the more tangible elements.

Community capacity building

There is no one model for building community capacity, but Kingsley et al (1997) have listed eight capacity building principles that have been developed and adopted by the National Community Building Network in the USA. These are:

- integrate community development and human services strategies;
- forge partnerships through collaboration;
- build on community strengths;
- start from local conditions;
- foster broad community participation;
- require racial equity;
- value cultural strengths; and
- support families and children.

The very process of partnering with the community can be a capacity building exercise as it can engage community members and help build and reinforce local networks, and generate sustainable local solutions to local problems. As Mattessich and Monsey (1997) point out "the outcomes of community building efforts are an improved capacity to accomplish tasks and goals and a heightened sense of community".

A new approach for government

As stated earlier, past approaches by governments in delivering services and support to Australian communities have, in the main, included regional development programs, capital works projects and national submission-based grants programs that were competitively structured. These approaches achieved positive outputs, and often outcomes, for many communities at the time by providing a range of input-output focused services.

However, analysis and hindsight suggests that these approaches:

- were often not well targeted and if they were targeted it tended to be at organisational structures rather than communities (geographic or interest);
- rarely fostered true partnerships – they were in the main purchaser-provider arrangements;
- often offered top-down, one-size-fits-all solutions to a diverse range of community types and issues;
- rarely took account of communities' views of their problems and solutions to them; and
- rarely built on or built their assets or capacities to deal with their problems over time.

It could be argued that such approaches were often not sustainable and resulted in a loss of self-reliance, capacity and capability in some communities. Stewart-Weekes et al (1997) said this approach was an increasingly intrusive, expensive and often ineffective intervention by the state to solve any and every problem of individuals, families and communities.

A change in thinking

In more recent years there has been a shift in thinking about what government's role in communities should be and this, in some instances, has changed traditional government policy and program responses and grantmaking processes.

It is generally agreed that government should provide the social safety net and therefore provide many of the social goods and services where others are unwilling or unable. However it is also recognised that this intervention could have a lighter touch in family and community life, that many communities themselves know best what their issues are, that there will be different solutions in each community, and that governments should aim to foster communities' self-

reliance rather than foster dependence. There is a growing emphasis on government as a facilitator and partner, focusing on whole-of and sustainable community outcomes rather than narrower program-centred outputs. This can add up to an approach that acknowledges that communities' responsiveness to the issues and challenges they face will be influenced not only by local leadership and social entrepreneurship but also their involvement in partnerships with different levels of government, business and other community stakeholders.

More recently there has been renewed interest in the application of community development principles in geographic communities where there is a real and feasible job to be done and residents have indicated a willingness to do it. In some locations resources and the social authority to act has been handed over to the community.

The growing commitment to triple bottom line reporting, as a mechanism for measuring and reporting corporate performance and responsibility against economic, social and environmental parameters, is also playing an important role in influencing government's community approach.

In Australia, there has been an increasing recognition by government and the business community of the importance of perceptions regarding the social impacts and sustainability of government and private sector business.

At conferences like today, practitioners and academics continue to articulate themes, such as the following, that have encouraged changes in grantmakers' thinking:

- whole of community and integrated responses are more effective than uncoordinated, isolated, individual and poorly sequenced projects;
- one size does not fit all - there is no single model or design for strengthening communities;
- local community residents often have a better sense of what will work and what will not work in their environment;
- participative and equal partnerships can often be critical to the development of local community responses and their sustainability;
- capacity building in communities is not just about governance it is also about supporting individuals and groups to develop the practical skills and resources they need to resolve problems and take advantage of opportunities that come their way; and
- local community residents and local community workers can contribute to implementation policy and to new policy.

So what was it like way back then?

I started my adventure into grantmaking in 1976 by becoming the first "coordinator" of a Community Youth Support Scheme (CYSS) to successfully achieve the distinction of having my service de-funded for delivering outcomes that were not articulated in the guidelines. Who would have thought that setting up a self-help employment group, or a lawn mowing cooperative, or a low cost furniture removal collective, or a drop-in collective self-help cafe would not fit within the guidelines of a service established to assist unemployed youth. But that was right. The grantmaker said the outputs required were to provide a venue where young unemployed people could undertake activities that prepared them for employment by improving their grooming, interview skills, application writing etc. Getting them a job – well that was the Commonwealth Employment Service's role. Karsh and Fox's definition of grant application applied 30 years ago as much as it does today.

So what did I learn from that apart from the fact that "the grantmaker rules OK"? It did teach me even then that an outcomes-based approach might deliver the results you want rather than

focusing on input-output – but these were early days and grantmakers wanted to hold the reins tight on a fledgling industry.

The title of this address includes the word 'fears'. As I prepared this presentation I thought about whether this term applies to all of the last 30 years. I believe there are a number of grantmaking phases and so to amuse myself I have added a few more rhyming words to cover the changes in the industry over 30 years – tears, fears, jeers and seers.

The following does not claim to be a history, even a potted one, of grantmaking in Australia. In a personal and light vein it does suggest that the landscape changed and we are now in a very different period than that which existed 30 years ago. We have moved from a period of energetic program naivety to a more competitive and sophisticated time.

And there was sweat and tears

I would say that the early years of grantmaking (and application) were characterised by tears in the sweat and tears sense. It was in the mid 1970s that we began to see exponential growth in grantmaking in Australia. In the late 1960s and very early 1970s it was a relatively new thing for many. The not-for-profit sector was relatively “naïve” in that it was often dependent on small unsophisticated but dedicated groups of individuals. Many groups were not constituted or incorporated.

In a new industry, there was a lot of work to be done and few skilled people to do it. So while there were few grantmaking programs, there were also few people with expertise in grantmaking program design, few people with grant application writing skills and few people to do the service delivery. In fact in Townsville, where I was working in the community sector in the mid to late 1970s, the same people regularly popped up in many different guises even though it was a significant population and administrative centre. At the meeting on the CYSS “Gary” could be the chairperson, at the Drop-In centre for homeless people he could be the grantmaker, at the Townsville Welfare Council meeting he could be the proposer of a new initiative, in regard to the Share House for street kids he could also be co-author of a submission. The lines between grantmaker and grant applicant were sometimes blurred.

At that time the Department of Social Security (DSS) was responsible for both income support and community services from an Australian Government perspective; community services were split from DSS in 1984. In the 1970s social workers with DSS had to have both case management and community development or social planning skills. These officers had the task of working closely with their local community to identify issues and solutions, and to work with existing and emerging organisations to apply for funds through DSS grant programs.

Competition created fear?

The good development and promotion work done by staff of organisations such as DSS and community development officers and community planners under the Australian Assistance Plan, and like programs and processes at the state level, seemed to foster a new expectation. In Australia we have not had a history of philanthropy as is the case in the America. So as government entered the field as grantmakers the appetite for grants grew. Whereas small relatively naïve organisations struggled quietly to build local services, it now seemed that just as it was a right to receive social security payments as a social safety-net it was also in some way a constitutional right to have a widening range of other social goods funded by ‘the state’. There were some who believed that Australia had modeled its approach to social provision on the UK and the thinking was that ‘the state’ would look after citizens from the cradle to the grave.

It seemed to me that we all got better at developing programs and community based organisations got better at organising themselves in structure and governance terms and got

better at applying for grants. But as more applicants came into the field the demand for funds began to outstrip supply. Local community organisations began to see other community organisations, both within the locality and between locations, as competitors. In the 1980s and 1990s organisations progressively became more anxious about gaining and retaining funding. In some jurisdictions we saw governments exacerbate this fear by turning almost all community based grantmaking programs into a competitive tender process. For example, the Victorian and New South Wales Governments of that era believed that running a community based service was like running any for-profit business and therefore business principles could be fully applied to all grantmaking processes.

Are the jeers the result of dependency?

Another potential negative aspect of 'the state' taking on the heavy interventionist provider of the total social safety-net and gradually becoming the sole, or at least major, grantmaker in Australia was that many community based organisations lost the fundraising history and skills of the 1960s. Having been exposed to 20-25 years of government programs as the primary grant source, committee members and community residents had moved from 'this is one source' to 'this is the source and it is our right as we have always had it thus' (or at least in the minds of many for their living and or working memory). The approach of the distant past of putting together a portfolio of funds made up of fundraising initiatives, donations, in-kind labour, and government grants had been replaced by a dependence, to a large extent, on 'the state'. So when government began to talk about a lighter role for government, a greater role for community and business, and differentiating between recurrent and time limited funding there was/is much jeering.

While some of the jeering in the 90s and 00s could be well founded we might want to ask ourselves did Australia go too far down the 'government as sole (major) grantmaker' track? Does such a model make the most of the resources of the national community, including the assets (both financial and skills) of business? Does such an approach turn community organisations into an extension of the state? Does it have the potential to rob communities of flexibility and creativity in response terms? Are some initiatives better served by government purchaser-provider models of funding, are others, such as experimental models, served better by time-limited models?

This is not an argument for governments opting out of a grantmaking role but rather one that says it must remain as a major player until we have arrived at a new model for the future for Australia. This could possibly be a portfolio grantmaking-funding model that sees business and philanthropy playing a greater role both in quantum and quality of input in the development of the community fabric and social infrastructure.

Seers - the future of grantmaking

So while we might all have liked 'the system', as we knew it, to remain the same as the 'good old days', we are now in the centre of grantmaking change in Australia. National, state/territory and local governments are more discriminating about their program role and responsibilities. They are more targeted in their program development and funding. They want to be less interventionist. They want to use more 'whole-of-government', 'whole-of-community', 'integrated' and 'connected' approaches and encourage partnerships. They are also beginning to recognise the importance of supporting or at least maintaining social capital in their approaches and place greater emphasis on capacity building and sustainability in their policies and programs. Communities of location are again beginning to focus more on local assets, capacity, can-do initiatives, social capital, 'doing' rather than being 'done to' and focusing predominantly on service provision. Businesses are being encouraged to look beyond profit and old-style philanthropy. An increasing number of businesses are accepting new roles in local communities and the national community and are participating in business, government, community partnerships. More businesses are committing both funds and staff to projects and many more are paying more attention to the social impacts of their business.

So the seers are predicting quite a diverse and potentially sophisticated grantmaking system for the future. Whether the prediction is realised will depend on how we collectively respond to the question that will shape this new future, including, but not limited to, the following: What is the future Australian community agenda we would contribute to if we shared such a vision? As grantmaking organisations, what part of the mosaic do we contribute? What design dimensions will we include in a framework to guide us? Are we willing to push the boundaries and use multiple implementation approaches to achieve a similar outcome in different locations?

Design dimensions of grantmaking – an emerging framework

So if the art of grantmaking is now much more sophisticated, in designing a grantmaking program we need to consider a range of dimensions. In the following I list some of the design dimensions that I believe form a framework to guide grantmaking program designs. While each of these dimensions will be expanded as part of this address the descriptions and discussion are only meant to introduce the concepts. As I said at the beginning of the paper it is a work in progress and I intend to develop the design framework and the dimensions more fully in a follow-up publication.

Apart from brevity, two other limitations of the framework at this stage are that I have yet to test to see that it is reasonably comprehensive and to see if there are better ways of sequencing the decision-making. I am sure that feedback from today's participants and the panel sessions will add to this work. In the following I will use the term 'program' as shorthand for 'policy and program' as I assume that no grantmaking program would operate without a policy base or objective.

Grantmaking program design dimensions include:

- Stakeholders - grantor versus grantee;
- Community of location versus community of interest;
- Universal versus targeted (horizontal versus vertical equity);
- Input-output versus outcome focus;
- Purchaser-provider versus participative-partnership;
- Product-service versus process-capacity building;
- Established versus emerging organisations;
- Big business like/sophisticated versus small/local-voluntary;
- Integrated services versus differentiated services;
- Consolidation versus innovation/experimentation;
- Professionals versus volunteers;
- For-profit versus not-for-profit;
- Recurrent versus seeding or time-limited grants;
- Sole funding source versus portfolio of funding;
- Consortia/partnerships versus sole agent;
- Direct administration versus third party administration;
- IT versus paper-based administration;
- Competitive tender versus application/submission;
- Objective versus subjective assessment criteria; and
- Summative versus formative evaluation.

Stakeholders – grantor versus grantee

One of the most fundamental things we all tend to forget in designing a grant program is who are the players, the stakeholders? What position do they hold, what are they interested in, what do they want to own or control, what role will they play, and what impact will this have on the various

points in our design decision-making process? For example if it is a government program, will a Minister have an interest and therefore a role, will departmental executives have an interest and therefore a role? In which aspects of the program will they want to take an interest and play a role? Will it be in the policy development, design of the program, decision-making points in the program? If it were a foundation that is responsible for the grant program (even if were only a couple of grants a year) – who are the members of the foundation, do they have particular interests that will influence selection criteria, do they want a hands-on role? Who makes which decisions?

It goes almost without saying – the status, interest etc. of the grantor stakeholders will influence every dimension of the design process. In other words we need to consistently and consciously ask ourselves whose views do we need to accommodate in the design.

But the issue is not all about the grantors. We also need to consider are there grantee stakeholders. This is not just about the potential applicants. If the program is going to focus on young adults then there are young adults, there is a youth service sector out there, there are youth researchers, there is legislation, there are youth councils and round tables, there are youth advocates. I put this whole range of stakeholders on the grantee side of the ledger as I see them as influencing the emergence and form of the grantmaking program but they don't own it in the same sense as the grantor. But having said that, they are very important to the success, or the perception of success, of the program. So we need to know who they are, what they think, what they say, what they support, etc. and address these matters in our design process.

Community of location versus community of interest

As indicated earlier there are many definitions and types of communities. So one of the first things we need to do is decide and state what we mean by community for our program. If we want to target certain groups in certain geographic locations or certain population centres then we just need to say that clearly. For example, this program aims to help young adults [*community of identity*], to participate in a broader range of activities and groups in the community in which they live [*community of location/geography*].

Earlier in the presentation I have briefly touched on this community definition issue. My view is that all grantmaking organisations should have their own endorsed glossary of terms so that all members of the organisation at least are speaking the same language.

Universal or targeted program?

But do we want to provide reasonably equal resources to all young adults in all population centres in Australia (*horizontal equity*)? Or are we aiming to improve the life chances and standards of young adults in certain locations with certain characteristics and/or to a certain sub-set of the young adult population because we see their need is greater (*vertical equity*)? If we wanted to be more targeted regarding location we would be more prescriptive in our community of location definition. For example we could say, the program is targeted particularly to areas [*community of location*] where the incidence of youth unemployment, criminal activity and self-harm are above the national average. If we wanted to refine our definition of *community of identity* we might say young adults (16-25), both male and female.

Input-output versus outcome focus

As indicated earlier many of us were brought up on a diet of input-output program development. We assumed that if we have agreement to a particular input and output it was sure to achieve the particular results (outcomes). However, many of us discovered that one size does not fit all and that the input-output approach often resulted in action but not necessarily outcomes. The outcomes and input-output approaches are both legitimate – we just need to let applicants know

what we are using and why. For example, if as an outcome we want young adults to be more engaged in local community life simply because we believe that any links they have will result in better social networks and social capital because we think that will mitigate the potential for criminal activity and self harm then we don't really need to prescribe the way they will be engaged and in what. We would rely on and trust the local entity we are funding to deliver the engagement outcome and report on why they believe it to be so. On the other hand if we do want to purchase a particular input and output we should say so and why. For example if we wanted our young adults to gain a certain skill to do a certain task we might be more inclined to want to purchase specific training and some way of measuring that the young adult has gained the skill to the level we wanted.

Purchaser-provider versus participative-partnering

Some services such as professional training for young adults (input) services are best achieved through purchaser-provider arrangements. We agree to buy a particular type, level and standard of service (output) from organisations that have this infrastructure and employ people with these qualifications, skills, etc. (input). In the purchaser-provider arrangement the broader community, including the grantor and grantee, agree on the issue and the solution. But if we are looking for some solution to ill-defined issues in a particular geographic location, then we are more likely to all find new ways of resolving persistent issues by entering into an action learning partnership arrangement. The grantor-grantee relationship is quite different in a partnership. Two features of the purchaser-provider are that the control rests with the grantor and the grantor tends to be once removed from the input-output process. A full partnership is a participative partnership. In a full partnership the grantor and grantee agree to share the control and see themselves as being participants in the unfolding delivery process. In our example they would jointly take decisions on how the issues are to be identified and what solutions would be tried, agree on lessons learnt, and agree on amendments and next steps. Obviously there are approaches that have hybrid elements of both these approaches. Again there is no right or wrong per se – rather it is a matter of knowing what you are doing and why, and being able to articulate where your program fits on the purchaser-provider versus full partnership continuum. We need to keep in mind that a potential downside of the professional purchaser-provider arrangements is that they are less likely to be 'owned by' and encourage full participation by our young adults.

I think Arnstein's ladder of participation provides us with a useful framework when we are trying to address this dimension as it helps us to think about the quality of the links we want with the 'customer' of our policy (see reference and brief discussion in Herbert and Smith 1997).

Established versus emerging organisations

How many times have you seen a grant program that specifies that the applicants need to be incorporated, need to demonstrate financial skills, need to demonstrate the ability to report etc. etc.? In effect what we are saying is that the well established (usually the traditional and larger) and reputable organisations only need apply.

If we have decided that our program is a purchaser-provider model because we want to buy inputs-outputs then we might be looking to the professionally based and well established entities. But if we are want to purchase outcomes, we are not sure what the local issues are or whether there exists a complex interaction of a number of issues and/or if we want to be involved in some form of partnership with the grantee, then we can accommodate new or fledgling organisations. We can include the capability building of the new or emerging organisation into the funding plan. For example, if we wanted to address the issues of young adults on a remote Indigenous community or location it is likely that there is no organisation that specifically has a young adult focus or skill set. The local organisations could already be over-stretched providing other services on behalf of all levels of government. So what could we do? We could use a community development approach and work with the new group of interested residents (including the young

adults themselves) to form an entity that could be taken from a community of interest to a community organisation through a capability transfer process. This community development process or stage of the project could be provided directly by the grantor's own staff, be provided by a funded third party, be provided by a sponsoring body etc., depending on availability in the area.

To achieve a policy outcome nothing really stops us from using different implementation approaches for different settings to accommodate different levels of development. In areas where we know we have established providers etc. we might decide on a purchaser-provider model, but in another area we will use a community development model and focus on both the process and the product. I have heard from some bureaucrats that probity is a barrier to this approach. Probity is not a barrier if we clearly articulate what we are doing where and why – this will include articulating the fact that we are attempting to address horizontal-vertical equity issues.

Integrated services versus differentiated services

It has often struck me as I moved between the city and rural-remote areas that one thing that differs is the level of specialisation. In the small country town where I grew up the vet did everything for every creature – from cattle to canaries. But in the bigger cities I have seen signs for eye specialists for cats and dogs. So it tends to be with our services for families and communities. In the city you will find well differentiated services are predominant. The further you get away from the bigger population centres the more multi-purpose (and integrated) the services are. Generally this is because of necessity. Lack of critical mass, lack of professional or volunteer staff, the lack of people to go on committees etc. all 'encourage' rural-remote residents to opt for multi-service models.

However, as grantmakers we have the opportunity to decide if we want services to be differentiated or integrated and give the grantee the reasons for that. For example, if we want our young adults to be getting a high quality piece of training it is likely that we might want this to be done not only on a purchaser-provider basis by high quality professionally trained provider but also in an environment where the young adults can focus on the task – so in a specialist service in a specialist setting. But if we wanted our young adults to be exposed to a range of other services or if the service was being provided in a remote locality we might decide to build the activity into the program of an existing multifunctional youth service or community centre.

Consolidation versus innovation/experimentation

We have the evidence that some things work well for certain people in certain localities to address certain issues. If we know 'it works' then we usually just want to purchase more of the same. So really we are in a program consolidation phase. In regard to our young adults, if we know that action-oriented initiatives such as 'outdoor adventures' are a good first step in re-engaging them with their community then we might want to purchase more 'outdoor adventures' for other disengaged young adults. But if we don't know what works we might want a range of different types of service providers (both established and emerging) in a range of locations (metro to rural-remote) to experiment with a range of different initiatives suggested by the organisations and/or the young adults. If this is the case we are in a learning phase. We are building the knowledge base, so innovation and action learning are the way we want to proceed.

If we are consolidating we are likely to be much more prescriptive – even bordering on input-output. But if we are building the knowledge base we are more likely to be much more flexible and gain our sense of security by working in a partnership with the grantee.

Professionals versus volunteers

Given that we have some 700,000 not-for-profit organisations in Australia providing a plethora of services in vastly different settings, one of the facts of life is that while many of these services are staffed by volunteers with the appropriate backgrounds and/or training, some are going to be staffed by untrained volunteers or volunteers who are individuals trained in areas other than those they are volunteering in.

As grantmakers it is up to us to determine if it is important for the successful achievement of our policy outcomes to have or not to have particular professionally trained staff. For example, if we are going to offer our young adults counselling it is more likely that we would want this to be offered by a trained social worker, youth worker or psychologist. But if we want to involve our young adults in general re-engagement activities such as environment initiatives, camping, etc. – we may decide such activities could be provided by organised, mature, community endorsed adults. Part of our consideration here will also be about security and safety issues. In determining what sort of staff we want to offer services we will want to consider the age of children/young adults, mentoring arrangements, potential for abuse, need for police checks.

For-profit versus not-for-profit

The provider landscape is changing quite quickly in Australia. Many services that traditionally were almost the sole domain of not-for-profit community based organisations are now being offered by large scale not-for-profit businesses and for-profit businesses that look to capture market critical mass. Some products and services we want delivered are more amenable to purchaser-provider and businesslike arrangements. For example, if we want to offer high quality professional training to our young adults or to get them placed in complex employment arrangements we might decide that this requires high quality professionals to deliver this service. Because the arrangement has more of the prescriptive, purchaser-provider characteristics we might decide it really does not matter if this done for profit or not from a service perspective, especially if we have a set standard and unit price.

Price might further influence our decision if we want to get the price down. We might want larger providers to have more critical mass and reduce administrative overheads. In regard to our young adults we have seen evidence of this pricing approach in the provision of employment services.

As I mentioned earlier, in citing Arnstein, as grantmakers we do have to accept that the further we go down the for-profit, purchaser-provider, professional provider, business model we are likely to sacrifice participation links with the local community and the client or target groups such as the young adults themselves in our example. One of the strengths we have seen in the not-for-profit sector is that, generally, it is closer to 'the grass-roots' and 'the client group'. Not-for-profit organisations are less likely to be driven or motivated by the bottom line. The sector is certainly likely to continue to be the major player in more developmental and experimental programs and in localities and target areas where it is deemed that processes depend more on relationships and there is less chance of profit.

Recurrent versus seeding or time limited grants

Criticism of many government grantors of late is that one way they stretch the dollars further is to give the dollars to as many localities as possible for shorter periods of time. The number of grantees who complain about time-limited funding grows. As I suggested earlier in this presentation, in the 'good old days' we took it as a given that if we were successful in getting funds for a just cause then the grantor would see that it was worthwhile the funds continue forever.

There are legitimate reasons for sometimes choosing recurrent funding models and other times time-limited approaches and both can sit side by side in the same program. As grantmakers we need to be clear that the funding term fits not only our budgets but what we want to achieve, how

it is to be achieved, the expectation consequence of starting a grant process, the location of the grantee, the stage of grantee development etc.

For example, if we commit to a professional purchaser-provider arrangement to deliver counselling services to our young adults in a particular area to address the issue of above average crime and self-harm activity because we have the evidence that it works, we have a much stronger moral imperative to continue to provide the service if the numbers stay high and if the intervention is still saving lives and reducing crime. My reflection suggests that professional, purchaser-provider; input-output programs in areas with significant critical mass are likely to demand recurrent funding because of the potential replacement effect of the target group if other early intervention and diversionary strategies are not also in place to reduce the flow-through effect.

If our young adults want to set up a piece of infrastructure in their local neighborhood and they contract to take responsibility for it and maintain it once it is established (they request ownership) then we might say this request could be met by a one-off grant.

On the other hand if the local geographic community says they want to develop responses to the issues that impact on their young adults but don't know exactly what that looks like or how to go about it then we are in a more complex situation as grantmakers. In the first instance we could conclude that we want to fund a community development initiative with a focus on our young adults. Evidence tells us this community development process will take a few years. But at the end of the few years the existing community development project might have resulted in the establishment of some support strands that are required on a longer term basis. In other words because of these strands the overall project or the particular strands will require either an extension or recurrent funding. What would we do now? Because we knew our organisation before we contracted with them, knew the nature of the project and had anticipated the above as a possible outcome, we would have in place an exit strategy that could include transfer to another grantee, another program with same grantee, extension of the service etc.

Sole funding source versus portfolio of funding

Again in the 'good old days' community based services tended to have a predominant grant from a sole grantor supplemented by small amounts of in-kind or cash donations or fundraising. More recently we have seen that community organisations can have multiple strands of funding for different services under the umbrella of their organisation, and/or in some cases have multiple strands of funds for the one activity. Personally I believe that both sole funder and portfolio approaches to funding are here to stay. They serve different purposes and often relate to program objectives including the desired spread of funding and the type of relationships we, as grantmakers, want for our program.

If we want a simple, uncluttered, clear, personal, direct line and possibly tightly monitored contractual relationship, such as we might want in a professional purchaser-provider arrangement, then we are likely to opt for a sole funding arrangement.

But if we want to spread the funding widely, if we want to encourage participative partnerships, if we want to encourage consortiums, if we want to encourage self-reliance and sustainability then there is a case for the positive aspects of multi-source or portfolio funding models. This approach can encourage the elements suggested above and more. But there are down sides and these tend to relate to multiple application and assessment processes, multiple contracts and multiple monitoring, reporting and evaluation processes. However, in Australia we are already experimenting with new administrative approaches that can address these downsides.

If as grantmakers we decide to encourage the multi-source or portfolio funding approach we need to articulate why we are doing it and take administrative steps that enable the one application to

be used in multiple settings, have shared contracts, shared reporting arrangements and shared evaluations. But above all we need to acknowledge that such arrangements are partnerships and as such require all parties to be involved and share any added resource cost and accountability.

Consortiums-partnerships versus sole agent

From what I have said so far it might seem that I am making this grantmaking far too complex. You might say that I have already addressed this dimension in the one on sole versus portfolio funding. In part I have but the focus there was on the funding, whereas under this dimension the focus is on who is it we want to provide the service, product, process or outcome we are paying for.

There are times when the program outcome is clear, the method is clear and agreed and we have professional organisations to deliver the service, and we are willing to take the risk of isolation-detachment from the local community and the young adults. We are likely to go for a sole service provider. But on the other hand if you want a more integrated service approach, we are working with an emerging organisation, or if we want to engage a third party (say we are government) such as a local business in both the short and longer term process, or if we want to do whole of government research that involves multiple layers and different experts – then we are likely to say in our grant guidelines that we will favour applications that have a partnership or consortium dimension to their arrangements.

Direct administration versus third party administration

In the past it was the grantmaker that did the research, identified the issues, developed the policy solutions, secured the funds, developed the implementation approach (grantmaking program), promoted the program, sought applications, did the assessment, made the announcements, developed the contracts, monitored the progress, and evaluated the effectiveness and efficiency.

In Australia we are currently experimenting with different administrative arrangements. What we seem to be accepting is that the grantmaking process can be broken down into components, that it does not all need to be done in-house and that a third party can be contracted to do all or some elements of the process on our behalf. We might decide to do this because the third party is better at some aspect of the process, we might find it is more cost effective, we might have evidence that we can get better synergies with other grant programs, we might decide our program does not have enough critical mass to justify separate administration, we might decide to use existing software and systems instead of all spending scarce resources on developing and owning them.

We are all aware that some very large not-for-profit organisations are now contracted to run area-based grants programs on behalf of government. We know that some for-profit businesses are taking applications online and developing application and assessment data bases for some government agencies. Some simple contracting processes are being contracted out to distribution-mailing houses.

What we as grantors need to decide is what we can and want to contract to a third party and why. What we want to keep and why? I would think that where there is mechanistic activity we could divest ourselves of it to free us up to focus more on the lessons learnt and develop the relationships that achieve the policy outcomes we want.

IT versus paper-based administration

When I was first introduced to IT it must have been a passing introduction as I still do not know it well but I know others do. In my initial introduction I was told IT would save me time and paper. I am sad to say that I think I met the wrong IT as paper use did not seem to go down in my

experience of administering government grant programs. Rather I found that paper now simply goes around as IT's constant buddy.

However, over the last few years not only can we (and we are) get some others to do many of the grantmaking processes but we are now starting to take applications online, do assessments online, use the resultant databases to generate mail-outs and merges for contracts, and report online. What stops us all from doing as much of this as we can? In part it is because we don't know what can be done. We are not willing to bear the large upfront development costs. We need a paper copy for legal purposes. We often don't trust the judgment of a third party to do the work accurately and objectively on our behalf. But we all know that for each of these 'reasons' there are solutions. I am not saying all things can be done online nor can all people operate online. For example people who are not literate in IT or even fully literate, or who live in IT challenged areas (still quite a number of rural-remote areas), or don't have IT, or are emerging organisations that have not been applicants before. But we can develop probity friendly solutions to these 'exceptions'. We can design optimum programs by building in workable solutions for those potential grantees that have exceptional circumstances or characteristics.

Again from a design perspective we need to ask ourselves are there parts of this process I could pay someone else to do because they are better at it and/or because it could be more cost effective. How much of this could be done online? How could I get this done online?

Competition tender versus application-submission

If we want to have a program that leans more to horizontal rather than vertical equity, more to the established organisations than the emerging organisations, more to purchasing the provision of known professional services than innovative developmental partnership and more to input-output than outcomes – then we are more likely to want to use a competitive tendering approach in all or part of our grantmaking. If we want to encourage new players to come into the field, are looking for new solutions, are focused on outcomes – then we are likely to choose an invitation, community development and/or partnership approach.

As indicated earlier there is nothing to stop a grantor from articulating two processes for different scenarios in the one grant program. I would suggest that the probity level playing field is created by creating two subsets of the same policy-program – using parallel process to achieve the same policy outcome/s.

There is not good or bad guy in the competitive tendering versus encouraged submission approach. They are simply two possibilities for getting the service that best fits and achieves the outcome because it fits with decisions we have made regarding other program design characteristics, including the circumstances and characteristics of the locations, the organisations, the client group, and the relationships we want to build.

Objective versus subjective assessment criteria

I must say that I have never seen or been involved in a purely objective grant program assessment process. I am pleased to say that all process I have been involved in have worked hard to be fair and open and to make the playing field as level as possible by articulating criteria in detail that lends itself to measurement, and weighting systems to get the most objective assessment and best fit with the policy and equity aims.

As with every dimension I have covered in this presentation I need to say that as a grantmakers one of our guiding principles is that one size does not fit all on any dimension. This means that for each grantmaking program the degree of objectivity will be greater or less. The design of the program itself will influence the degree of objectivity that can be achieved. The question we need to answer is – do the criteria fit with and reflect the other dimension of our program design?

Competitive tendered, input-output, purchaser-provider, established organisation and sole-provider focused programs are likely to lend themselves to fewer and often more traditional and therefore 'measurable' criteria; whereas programs that lean towards emerging organisations, are outcomes focused, encourage partnerships and are partnership developmental submissions can pose more challenges as the criteria are likely to be less clear and less objective. But does that matter? Is objective better than subjective or a hybrid of both? We are trying to buy different things through different processes. The more objective and quantitative fits with the first (and by the way lends itself to the IT treatment), whereas the latter is more about partnership, experimentation and a relationship and you are going to depend more on the relationship and trust you have built – the criteria are likely to be more qualitative and subjective.

Summative versus formative evaluation

There is much that could be said about evaluation from a research perspective but I do not intend to cover that in this brief reflection. In a sense I just want to close the loop. There are many who would say as we look back that there is nothing new under the sun. I think that is factually wrong. At times it can appear to be the case because we choose to build our policies and grantmaking programs on the evidence and lessons learnt. If this is true, then we should see the best of the old ideas, solutions and processes being replicated in the new policies and programs.

For me, lessons learned are not only an important end of the grantmaking story but the potential beginning of a new grantmaking story. No grantmaking program design is complete without an integrated evaluation plan. The evaluation can tell us whether or not the design worked – was it effective (summative evaluation) and/or it can also tell us how it worked along the way (formative evaluation).

As a grant program designer we can decide to use either or both of these approaches. I don't want to start a 'which is best?' discussion. We as program designers decide what we want to know. If we are implementing a purchaser-provider, professionally offered, recognised and evidence-based product we might just want to know quantitatively did we achieve the goal or target. If this is the case we are likely to want to do a report-based statistical summative evaluation. But if we had designed a community development program with emerging organisations and we were experimenting with new intervention, then we are likely to have planned to do an evaluation that is more formative in nature. In both cases we are developing the evidence base. However, in my second example we want to capture the lessons and we want the detail. We are likely to want to capture a lot of qualitative information.

I can hear you saying – yes but what about the cost? That is something as designer we all need to build into our program design. There is no set cost formula. It depends on what you want to know, why you want to know it, how you will use the findings, how many funded projects, spread over what area. A couple of guides are, what will the stakeholders, both grantor and grantee, want to know and we should not collect information for the sake of it or because we have not taken the time to think the matter through in the design phase.

The end?

In Australia we have come a long way in the last 30 years of grantmaking.

We have a very well developed not-for-profit community based service sector. We have a very positive history of government involvement in grantmaking. And while we have some 700,000 well-established organisations we have room for new and emerging entities particularly in rural and remote areas and more particularly in Indigenous settlements. More recently we have made some moves to more 'whole of government', 'whole of community', 'whole of person' approaches,

but we still have a long way to go. There is a question as to whether 'whole of government' approaches can be achieved by coordinating government effort. And we are witnessing the growing involvement of business in grantmaking and community-government-business arrangements and partnerships.

I have said a few times throughout this presentation that we live in changing times in all aspects of lives and work. This flows over to our grantmaking approaches as well. As with any change a lot of the things we did and do stay the same and are presented in new jargon. But there are also new things we do or can do.

So while we have done much in the last 30 years there are opportunities in the changes for us to do more. We can use design dimension that have come from our past to consciously build grantmaking programs for the future. We can ensure that our grantmaking, whether it is from a single charity, a foundation or a government, has a clear policy outcome that is based on evidence and if possible integrated into the greater national community agenda. We can choose to deliver vertical equity through our grantmaking program. We can choose to do less in terms of funding spread but do more in a depth and targeted sense. We can design our programs to achieve the same outcomes but accommodate the different starting points of community based organisations and diverse response. We can build programs that value both process and product outcomes and measure both in different but complementary ways. And finally, in designing or re-designing our grantmaking programs, we can choose to support and complement the social capital and assets that exist in communities, be they geographic communities or communities of interest-identity.

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