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Frankly Speaking:

The Inter-American Foundation's Reporting Process: Lessons from A Positive Outlier

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INTER-AMERICAN FOUNDATION · 1969 ·

Giving Evidence

Enabling **giving** based on sound **evidence**

Most nonprofits hate their funders' reporting processes. The Inter-American Foundation's reporting process takes grantees four times as long as most foundations' reporting processes do. Yet IAF's reporting process has been rated more helpful to its grantees than reporting processes of over 300 other grant-making foundations.

"The most exciting phrase to hear in science, the one that heralds new discoveries, is not 'Eureka!' but 'That's funny...'"

Isaac Asimov

Giving Evidence encourages and enables charitable *giving* based on sound *evidence*.

Through consultancy, Giving Evidence helps donors and charities in many countries to understand their impact and to raise it. Through campaigning, thought-leadership and meta-research, we show what evidence is available and what remains needed, what it says, and where the quality and infrastructure of evidence need improving. We work on both *what to give to*, and also *how to give*. This latter is less studied, and hence Giving Evidence has a strong interest in providing better evidence about the value of various ways of giving (e.g., restricted vs unrestricted, engaged vs hands-off, grants vs other instruments, large vs small grants). This case study is part of our work on *how to give*, as is work with the University of Chicago.

Giving Evidence was founded by Caroline Fiennes, a former award-winning charity CEO, and author of *It Ain't What You Give*. Caroline has advised many donors of many types on many continents over many years. She speaks and writes extensively about these issues, e.g., on BBC TV, in the Stanford Social Innovation Review, Freakonomics, and the Daily Mail. She is on boards of The Cochrane Collaboration, Charity Navigator (the world's largest charity ratings agency) and the US Center for Effective Philanthropy.

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The interviews for this study were conducted by Natalia Kiryttopoulou, Senior Consultant at our friends Keystone Accountability. We are grateful to her for her work and insights.

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Summary

Top marks

To gain some insight into what works well and what works poorly in their processes, many charitable grant-making foundations ask the US-based Center for Effective Philanthropy (CEP[1]) to gather opinions and perceptions about them from their grantees through an anonymous survey. Over 260 funders[2] have now commissioned this 'Grantee Perception Report' (GPR) – mainly US-based foundations but also a handful elsewhere, and including endowed foundations, publicly-funded and fund-raising foundations and community foundations.

The Inter-American Foundation (IAF) is one such. Set up by the US Congress in 1969, it funds grassroots development through community-based organizations in 20 countries of Latin America and the Caribbean. IAF asked CEP to survey its grantee partners using the GPR in 2011 and 2014, and both times got the best ratings CEP has ever recorded for the question:

> *"How helpful was participating in the foundation's reporting/evaluation process in strengthening the organization/program funded by the grant?"*

IAF comes top on this metric by some margin. Respondents can answer from 1 ("not at all helpful") to 7 ("extremely helpful"), and in 2014, IAF scored 6.00; the funders that rated second and third on this question that year scored 5.80 and 5.72, with more continuous results thereafter[i].

> Hence **we investigated what it is that makes IAF's approach to evaluation and reporting so helpful to its grantees**, on the basis that it is often instructive to study the outliers.

Method

The core of our method was in-depth qualitative interviews with nine of IAF's current and recent grantee partners[3], who roughly represented IAF's grantees in terms of geography, type of activity and other relevant factors. We looked in detail at the qualitative responses from dozens of IAF's grantees captured by GPRs in both 2011 and 2014. We conducted an online survey of IAFs in-country 'evaluators', and interviewed four of them in depth. We reviewed many internal and public IAF documents and had many discussions with its staff. For comparison, we also looked at GPRs of a couple of other foundations who scored highly and who, like IAF, have an unusually engaged process.

1 One of us, Caroline Fiennes, is a member of CEP's unpaid advisory board.
2 Not all funders which commission a GPR disclose that fact, but funders who do disclose it include 23 "international funders" (i.e., non-U.S.) and 241 U.S. funders. Of these, 116 have had the GPR conducted more than once. CEP says this represents "tens of thousands of grantees…in more than 150 countries". See http://www.effectivephilanthropy.org/assessments/gpr-apr/ for the full list.
3 For concision, we use the term 'grantee' rather than 'grantee partner' throughout.

Findings

IAF's evaluation and reporting process is part of its intervention. The component most highly valued by grantees is the financial audit[4], followed by the visits and engagement with the foundation. IAF's reporting process seems to give four main benefits to grantees:

- **Data**: as many were not previously gathering data at all or very much, and hence gain an empirical basis for some decisions.
- **Capacity**: grantees learn to collect, handle, interpret, present and use data. This is particularly important for the organizations with least developed skills in management and analysis, and who have not previously collected data at all.
- **Confidence / courage**: in their ability to collect data, and that their data are accurate and complete. Some grantees find this useful in their dealings with other organizations, such as other funders.
- **Credibility**: with their beneficiaries / communities, and with other organizations. Terms like 'accountability' and 'transparency' were used frequently.

These benefits are most prized by grantees which are earlier on the learning curve. IAF's reporting process is relatively expensive (about 8% of its budget[5]).

Implications for IAF and other funders

A high-touch reporting and evaluation process may be useful when dealing with small grassroots organizations. Some grassroots organizations reported being so unskilled with data – and showed themselves to be in some numerical exercise in our interviews – that we would question the accuracy, meaning or usefulness of data they report to funders if they are not given support. Conversely, organizations which are more sophisticated and already further up the learning curve gain less from a high-touch process; some may need less support and some may need none. It may be wise to segment grantees with respect to the extent and type of support they need.

Freddy Mercado, Evaluator in Bolivia, is shown talking to two young men in a banana field.

4 IAF has separate processes for financial audit and for reporting results. Both involve the grantee being visited by IAF's in-country professionals, triggered by the grantee sending material to IAF (financial report and results report respectively). When Giving Evidence asked grantees for an unprompted list of elements they consider the 'reporting' process to comprise, they included financial audit, and then assigned greatest value to it. This unprompted list was important because we needed to establish what grantees had in mind when they rated IAF's 'reporting process' in their GPR responses.

5 The Data Verifiers (also called Evaluators) cost about 5%. The audit process is around 3%, making a total of 8%.

1. Context for this study

Two smoking barrels

The top marks achieved by the Inter-American Foundation for its reporting process seemed particularly interesting to study because it is unusual in two respects.

First, IAF's model, which is highly engaged. IAF visits every applicant it seriously considers, and works intensively with them to shape the proposal (all grants are restricted). Every grantee is visited again after the grant is awarded to agree the metrics on which it will report, and again every six months during the grant. These latter visits involve an 'evaluator', a contractor based in the region, who 'verifies' the data which the grantee has submitted. The evaluator also advises on data collection and other matters. Most grantees are also visited by IAF staff several times during their grant. IAF says that it visits every single grantee: in terms of the percentage of grantees that reported visits from the foundation during the grant, the GPR found IAF to be in the 99th percentile in 2011, and 97th and 2014.

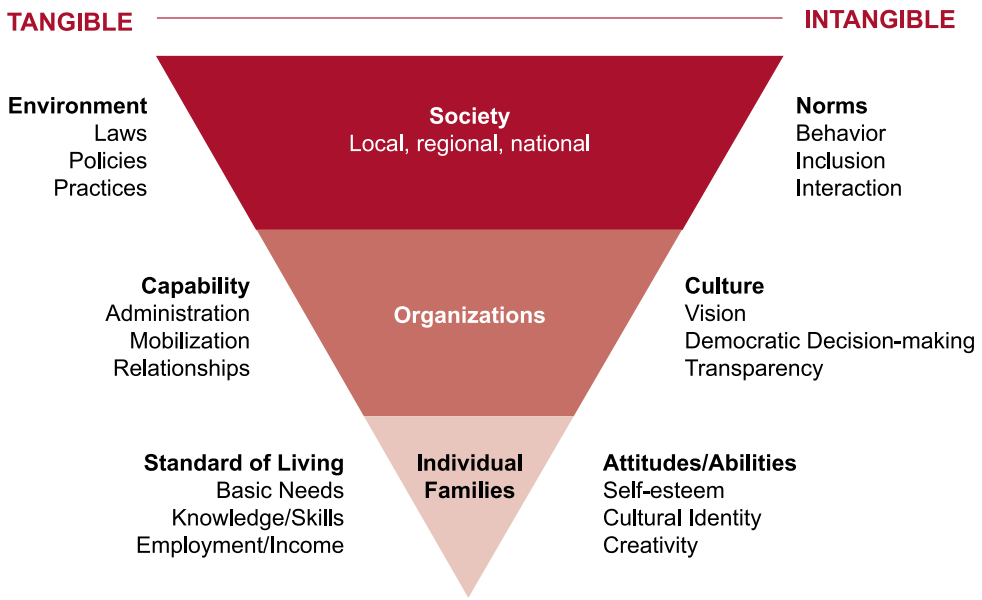
IAF says that it has this model because of the type of organizations it funds. It funds tiny grassroots organizations across Latin America and the Caribbean,[6] and makes big bets on them: its median grant is $225,000[ii], which funds nearly 2/3rds of a grantee's budget (59%). IAF sticks with its grantees for longer than many funders who fund international development[7], at nearly four years.

Second, IAF's reporting framework. Grantees choose from a menu of 41 metrics which encompasses both tangible and intangible results, and effects on individuals, communities and society (Figure 1 below). This 'Grassroots Development Framework' (GDF) was developed by IAF and is unusual in both being much more balanced than many funders' systems, and in allowing the grantee to determine the indicators it uses. The full set of indicators is given and explained in Appendix 1.

An evaluator is taking notes during a conversation with grantees.

6 Currently not Cuba.
7 This refers to the funders in the 'custom cohort' which CEP created: a set of other funders who fund international development work who serve as a comparator set for IAF's GPR results. The custom cohort is described in more detail later.

Figure 1. Grassroots Development Framework[iii]



Could IAF's high marks just be because…?

There are some obvious factors which might explain away IAF's results in the GPR so let's deal with them here.

…It's fluke: **Clearly *somebody* has to be top, so perhaps these results are just random chance.** If it were fluke, it would be strange that (i) IAF has come top on this metric twice (though clearly we're aware that two swallows don't make a summer), and (ii) IAF comes top by some margin.

The distance between IAF and other top scoring foundations for the metric we are investigating (helpfulness of the reporting process) is larger than the margin for other metrics. On the perceived helpfulness of the reporting process, in 2014, IAF's score of 6.0 is 0.2 higher than the next highest foundation and 0.28 higher than the 3rd highest rated foundation. By contrast, on the perceived helpfulness of the *selection* process, IAF came fourth of all foundations which have done the GPR, but results are more tightly clustered: the top funder is 0.05 higher than IAF's score and there was only a 0.05 gap to the next funder after IAF[iv].

Furthermore, IAF scores highly on many other indicators too (see Table 1) which implies that something interesting may be going on here.

…the comparison set is funders who are all terrible so this doesn't matter.
This would be surprising because the GPR compares IAF with a set of foundations which is both sizable (over 260) and respectable, e.g., including the William and Flora Hewlett Foundation, the Bill and Melinda Gates Foundation, the Charles Stewart Mott Foundation, the Ford Foundation and the John D. and Catherine T. MacArthur Foundation in the U.S., the Oak Foundation in Geneva, and the Friends Provident and Paul Hamlyn Foundations in the UK.

… IAF's grantees just love it: perhaps because for many of them, IAF is their first funder; or perhaps Latin Americans, or grassroots groups, are more likely to give high scores than are other communities[8].

IAF is the first funder for many of its grantees. IAF's GPRs found that IAF is the first funder for 78% of the grantees who responded in 2011 and 63% in 2014.

However, though IAF scores well on many indicators, it scores low in some others. For example, in 2011, it was in just the 7th percentile on the question "To what extent has the Foundation affected public policy in your field?" By 2014, it had improved on this question, but only to the 14th percentile. On the question: "Overall how fairly did the Foundation treat you?", IAF was in the 40th percentile in 2014. (See Table 1).

…it's respondent bias: only the happy grantees respond to the survey.

This seems unlikely because:

(i) as we've said, the scores show a considerable range, so IAF's grantees are certainly not uniformly positive about everything.
(ii) the survey response rates are high: in 2011, it was 84% and in 2014 it was 68%. This leaves little scope for respondent bias.
(iii) grantee comments in the GPR show that IAF grantees were not short of candid opinions, criticisms and suggestions for the foundation (see Box 1. Grantees' comments and suggestions (2011 and 2014 GPRs)).

…it's something to do with funding internationally.

CEP compared the results for IAF with those from a set of other foundations which fund international development work (the 'custom cohort'). On the question about the helpfulness of the foundation's reporting process, on which IAF scored the top mark of 6.00 in 2014, the marks for other custom cohort funder start at just 3.08 and the median is 4.52.

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Given, then, that the results cannot easily be explained away, we investigated. Before we discuss the findings, we outline how IAF works.

Martha Romero, evaluator in Mexico, is a sociologist with experience in rural and community development. She specializes in indigenous organizations, social businesses, gender and sustainable development.

8 The GPR question about the helpfulness of the reporting process is, like most GPR questions, a Likert Scale. Though these are useful, they have well-known limitations, including that there's normally no way of calibrating whether one person's (say) '4' represents the same level of satisfaction as another person's '4'. Some people / cultures are more likely to give high scores than others irrespective of their satisfaction with their experience.

Box 1. Grantees' comments and suggestions (2011 and 2014 GPRs)

2011, Comments

"The terms of the evaluation process – technical follow-up every 6 months and accounting follow-up every year – **are just perfect**, as they provide the necessary time to review, discuss, and analyze the originally traced horizon as well as the scope of the proposed goals or the changes that might arise during the execution of the project."

"Our first contact with the IAF regarding the definition of goals and results was key to the organization of systematized work during the term of the project. For example, data verification helps our organization to have direct contact with the IAF's personnel and to have tools to control the results and **improve the evaluation capacity**."

"Compliance with the IAF's information and evaluation requirements has allowed us to **improve our staff's capacity** to evaluate and verify the impact of our activities. In an indirect way, the working process developed with the IAF has institutionally **strengthened our organization**."

2011, Suggestions

"[IAF should give] Freedom in GDF to follow the indicators that actually relate to each organization and their particularities and not forcing us to choose indicators that don't necessarily give important information about our organization."

"We believe that the design of the budget instruments and GDF is **too complicated** to be understood by officers with no college degree, which requires the completion of such forms by the grantee's senior officers. Sometimes, the instruments are not quite relevant to the context in which the grantee works."

"We would like that the evaluation/verification staff visit not only the nearby worksites but also the remote ones."

"The evaluation systems' indicators (GDF) should be carefully reviewed. It is **hard to adapt** these models to different cultural contexts. I think it is necessary to socialize more and better analyze the results of the processes, which implies a shared responsibility."

2014, Comments

"The format for the technical report could gather in a more precise manner the accomplishments and challenges during the periods being reported. The processes for monitoring and follow up could be improved, particularly in regards to clarity and handling of the GDF."

"The main difference [between IAF and other funders] is the monitoring methodology. No other organization conducts monitoring visits as often, nor has **a multidisciplinary team** to talk about the project, its actions and results. In this sense, the GDF is also a differentiator."

"The support, verification and audit process **help organizations to clarify their goals** and evaluate their achievements."

"The dates of assessment and audits do not happen within reasonable periods, taking more than one-year intervals between one meeting and another. This hinders the identification of

possible problems in the project from the perspective of the IAF and deprives the grantee from contact with excellent professionals who can provide valuable input."

"Systematic follow-up on financial and performance indicators."

"The follow up, evaluation, field visits, accounting audits, all that **makes a great difference** compared to others."

2014, Suggestions

"If there were a format for the delivery of the report, we could probably be more punctual and it would take less time, sometimes we don't know if we are presenting enough information."

"More constant follow up during the execution of the same, and not wait until the evaluation."

(Highlighting is ours.)

Eduardo Baptista, IAF evaluator, has a PhD in Organizational Development and Sociology, is a professor and researcher and has been working for 30 years in project monitoring and evaluation. His experience includes work in more than 30 countries across Latin America, the Caribbean and Africa.

Table 1. Full set of high and low marks of IAF in the 2014 GPR

*GPR question**	*IAF score, 2014*
High marks	
100th percentile	
How helpful was participating in the foundation's reporting / evaluation process in strengthening the organization / program funded by the grant?	6.00
99th percentile	
Did the Foundation conduct a site visit during the course of this grant?*[9]	97% said yes
How involved was the Foundation staff in the development of your proposal?	5.38
How helpful was participating in the Foundation's selection process in strengthening the organization / program funded by the grant?	6.01
How helpful has the Foundation been to your organization's ability to assess progress towards your organization's goals?	5.94
Overall how transparent is the Foundation with your organization?	6.28
Median hours spent by grantees on funder requirements over grant lifetime.*	240 hours[10]
98th percentile	
How helpful did you find the Foundation's social media resources to interact and share ideas with the Foundation?	5.47
After submission of your report / evaluation, did the Foundation or the evaluator discuss it with you? *	90% said yes
Transparency about "Any changes that affect the funding your organization might receive in the future"	5.95
Percentage of grantees that reported receiving a communication from the foundation after submitting an evaluation was 90% for both 2011 and 2014*	90% said yes
How helpful did you find the Foundation's social media resources to interact and share ideas with the Foundation?	5.47
95-97th percentile	
The foundation's overall impact in grantees' fields	6.31
To what extent does the Foundation take advantage of its various resources to help your organization address its challenges?	5.32
90th – 94th percentile	
Overall, how would you rate the Foundation's impact on your organization?	6.52
How helpful did you find the Foundation's social media resources to learn about information relevant to the fields or communities in which you work?	5.60
How aware is the Foundation of the challenges that your organization is facing?	5.72
[How transparent is the IAF with] The Foundation's experiences with what it has tried but has not worked in its past grantmaking?	5.30
Low Marks	
40th percentile	
Overall, how fairly did the Foundation treat you?	6.48
14th percentile	
To what extent has the Foundation affected public policy in your field?	3.68

9 All questions use 1-7 Likert scales except those marked with asterisk*
10 Grantees say elsewhere IAF's reporting process takes 27 hours per year. This figure of 240 hours includes its selection process.

2: The Inter-American Foundation's goals, work and its reporting process

2.1 Context and background to IAF's work

IAF was created by the US Congress in 1969 with the goal of "improving friendship and understanding across the western hemisphere, supporting self-help efforts to foster economic and social development, stimulating and assisting effective and ever wider participation of the people in the development process, and encouraging the establishment and growth of democratic institutions".

IAF funds grassroots development in 20 countries of Latin America and the Caribbean. Since 1972, it has distributed over $700m through 5,100 grants[v] to organizations that create or improve the means by which communities organize themselves to promote solutions to pressing problems. These solutions generally include, but are not limited to, tangible living conditions and economic well-being. IAF tends to fund organizations that involve the people they mean to serve in the design of development projects, production and commercialization of goods or provision of services. IAF's grantees contribute or mobilize additional resources to the work which IAF funds: over $1 billion collectively. IAF's grants are restricted and responsive to applications.

The IAF's total budget in 2014 was $29.5m[vi], of which $16.1m[vii] (54.6%) was disbursed in grants (and 'grant audits'). Most of IAF's budget comes from US Congress ($22.5m in 2014) and reflows from the Social Progress Trust Fund[11] ($5.7m in 2014).

IAF can work with other government, corporate or non-profit organizations to further its mission: for example, the Inter-American Network of Corporate Foundations and Actions for Grassroots Development (RedEAmérica) is an "IAF-initiated business-sector alliance committed to supporting self-help projects in the hemisphere".[12] Between 2003 and 2015, joint funding of the IAF-RedEAmerica collaboration totaled ~$18.5m.[viii] IAF has also distributed $400,000 from the C.S. Mott Foundation for projects in Mexico that "further civic responsibility and encourage philanthropy for neighborhood needs"[ix], more than matched C.S. Mott Foundation's funds with its own grant funds.

2.2 Size and nature of IAF funding

IAF has 260 active grants currently, with a collective value of $66m[x] (the collective budget of IAF-funded projects is larger than this because grantees contribute or mobilize other resources into them). In 2014, through 107 "funding actions", it created 64 new grants and expanded funding for another 43 organizations.[xi]

Size of grants and of grantees

IAF grants are on average $225,000 and their average duration is 3.8 years[xii].

Grantees have a median budget of around $100,000. Most (63%) have not previously had external funding from foundations: this is nearly twice the rate for other US-based international funders.

11 The Social Progress Trust Fund was established in the early 1960s at the Inter-American Development Bank to provide low-interest loans to Latin American governments for social development projects.
12 Details of IAF's RedEAmerica alliance are at: http://www.iaf.gov/partners/corporate-/redeam-rica.

Table 2 shows how IAF grants and grantees compare to those of the 'custom cohort' of other international funders used by CEP as a comparison set. Throughout this document, the term "median funder" refers to the median of all funders in the GPR database.

Table 2. IAF grantmaking compared to the full CEP dataset and the Custom Cohort

	IAF 2014	Median Funder (overall) [xiii]	Average of the Custom Cohort
Average grant size	$225,000	$60,000	$180,000
Average grant length	3.8 years	2.1 years	2.2 years
Median operating budget of grantee organization	$100,000	$1,400,000	$1,600,000
Percentage of first-time grants	63%	29%	34%
Size of grant relative to size of grantee budget	52%	3%	7%
Median hours per year spent on monitoring, reporting and evaluation process	27 hours	7 hours	12 hours

Types of grantee

IAF distinguishes between three types of grantee:

- **"Base or grassroots organizations"** are the most local organizations. Typically their members and leaders are part of local communities. These are normally producer organizations or other membership associations, where organizational decisions are made at the community / group level. These organizations usually identify themselves as cooperatives, community or local associations, and local groups.
- **"Grassroots support organizations"** are organizations that are devoted to assisting and developing the skills of individuals or grassroots organizations. Decision-making is usually within the organization, sometimes in consultation with "beneficiary" groups. These organizations usually identify themselves as NGOs, support groups, grassroots support groups.
- **"Co-funding partners"** use IAF grants together with their own funds to fund organizations and their activities. Decisions on funding organizations are made jointly by IAF and the co-funding partners. These organizations mostly identify themselves as foundations or NGOs.

Conditions of grants

All IAF grants are restricted to particular projects. However, IAF is flexible and changes can be made to projects while the grant is underway. Minor changes can be agreed verbally between the grantees and foundation representatives. Small reallocations of existing budgets can be agreed to through official letters. Major reallocations or changes in projects' budgets and components (e.g., adding something new to the project which needs more funding) require amendments to the funding agreement. Reportedly, these amendments happen quite swiftly and are common: in the database of IAF's grants used for this study, 53% of active and recent IAF grants had amended their grant, on average 3.3 times each.

Organizations applying for IAF grants must contribute resources to the projects they want funded. In 2014, grantees committed $1.33 for every $1.00 contributed by IAF.[xiv]

2.3 High-touch process

IAF's selection and reporting processes involve an unusually high number of visits from the foundation. During the selection process, strong applicants are visited at least once before a funding commitment is made. After a funding commitment is made, grantees receive a visit from foundation staff during an orientation meeting (annually thereafter too), and further visits from evaluators and auditors; these collectively assess management capability and recommend training.

IAF process for selecting grantees

IAF's selection process is arduous. Successful applicants spent a median 100 hours in the selection process, i.e., five times what the grantees spent for the median funder and two and a half times the average spent by grantees in the selection process for the custom cohort[xv]. Interestingly, successful applicants report that they find this process to be helpful in strengthening their organizations. We have not analyzed the selection process, but understand that most of the work is in shaping the proposal, and the process' length relates to the fact that many applicants are applying for external funding for the first time.

IAF accepts proposals at any time. Visits by foundation staff to applicants being seriously considered are to verify, among other things, that the organization is well-rooted in the community, to get a sense of the people involved, and to assess whether the proposed project will work and the proposed benefit will arise.

IAF funds around 15% of the applications it receives[xvi].

After the grant is awarded

After a grant is agreed, there is an "orientation meeting" between the grantee and IAF staff, evaluators and auditors, and separate visits by evaluators and auditors within 45 days. Thus, even in the first two months of a grant, IAF staff have already visited new grantees three times: once in the selection process, once in the orientation meeting, and once by evaluators. The auditor often visits too. (Process detailed below).

Cost of the reporting process

IAF's "Evaluation and Other Program Activities" in 2014 cost $4.5m, i.e., 8% of IAF's total budget of $29.5m.[xvii] This cost includes evaluators, who collectively cost $1.1m[xviii]. The reporting process itself costs around 5% of IAF's budget; the audit process around a further 3%[xix].

The reporting process is laborious for grantees: as Table 2 shows, IAF grantees say that it takes them nearly four times the average time of a foundation's reporting process, at 27 hours per year, on average.

Members of a grantee organization in Belize record the results of a cacao fruit crop.

2.4 The reporting process

People involved

The reporting / evaluation process involves various people: Foundation representatives, country liaisons and evaluators as well as staff from the Evaluation Team based in Washington DC. Grantees evidently perceive the financial audit as part of the reporting process, and that involves in-country auditors.

Foundation Representatives (FR) are employed by IAF in Washington DC to oversee and manage IAF grants for specific sets of countries. They represent IAF in coordination with Local Liaising and Administrative Support contractors (see below). The 11 FRs review proposals, visit applicants and present applications considered adequate to IAF management for final decisions. They also oversee the administrative processes for grants, and advise grantees when needed, supervising their performance, and contributing to the foundation's performance reports to Congress.

Local Liaison and Administrative Support (LLAS), also called "Country Liaisons" are contracted by the foundation in-country. They are the main contact of Foundation Representatives and their main responsibilities include monitoring funded projects and providing technical assistance. Country Liaisons also brief IAF grantees about IAF's processes and regulations, facilitate communication between grantees and IAF, assist in scheduling FR, Evaluator and Auditor visits to grantees (as well as their own once or twice a year). They inform IAF of any unforeseen capacity building needs with grantees and coordinate to meet those needs. There are 16 active LLASes in the 20 countries where IAF operates. Chile, Uruguay and Argentina share a Country Liaison, as do Guatemala and Belize. Venezuela does not currently have a LLAS.

The Office of Evaluation at IAF headquarters has three people who coordinate the evaluation process. It oversees the use of the Grassroots Development Framework (detailed below), which offers grantees a wide range of indicators to monitor progress of the results of the grant, and it coordinates the work of the Evaluators.

Evaluators, of whom there are 25, (previously called Data Verifiers) are experienced in community development, contracted in-country and some look after two countries[13]. Evaluators assist grantees in three moments: at the beginning of the grant when grantees are choosing indicators and establishing baselines (this happens in the orientation meeting); during the grant when evaluators visit grantees semi-annually to verify data that grantees have reported; and at the end of the grant when evaluators draft, with the grantees, a "project history" that summarizes the results of the grant and the context within which those results were produced. Evaluators, play a key role in advising grantees on project execution; they also frequently recommend to Country Liaisons types of non-monetary assistance needed by grantees.

Grantees too are an important part of this process. As shown below, they keep records and organize information to send to IAF. In many cases grantees create processes for collecting and sending these data.

13 Argentina and Chile share an evaluator, as do Jamaica and Dominican Republic, Guatemala and Belize, and Uruguay and Paraguay. Mexico, Brazil, Colombia and Argentina have more than one evaluator.

Figure 2. The Inter-American Foundation's evaluation and reporting process

Application / screening process		During grant period			Post grant	
Proposal reception and review	Pre-approval visit to grantees	Post-approval orientation meeting	Semi-annual verification of data	Draft of "Project History"	Review, analysis and aggregation of data	Ex-post assessment around topics of special interest e.g., youth, civic participation

Stages of the reporting process

During the selection process, applicants define the project's objectives and the outcomes which the grant would produce. In other words, some kind of evaluative thought is already under way before the first meeting between the foundation and the successful applicants. Nonetheless, IAF sees the orientation meeting as the beginning of the reporting process.

1. The orientation meeting is between a Foundation Representative, the Country Liaison, evaluators, auditors and the grantee. Its purpose is to explain to grantees how IAF works (administrative issues, who should be contacted when) and how IAF expects grantees to report progress and results from the grant. Evaluators explain the evaluation / reporting process, and assess the grantee's context and ability to collect data, instruct on possible methods for doing so, and determine the baselines for the chosen indicators.
2. Within 45 days of the orientation meeting, evaluators visit the new grantees and discuss any concerns or specific questions about the reporting process and the GDF. Evaluators also use this visit to assess processes for collecting data. During this visit, which is the evaluators' second visit to new grantees, evaluators install the GDF software (in Excel) on grantees' computers and remind grantees of the expected date of their first semi-annual GDF report.
3. Grantees collect data on the agreed indicators and store the information on the Excel files. They do this twice a year and send their reports to Foundation Representatives, Country Liaisons and Evaluators.
4. Evaluators visit grantees to review the GDF report and verify the data. They do so by reviewing files, doing physical inspections or speaking to the people who grantees have reported as having benefited from the grantees' work and services: For example, training in a skill that will make them more efficient farmers.
5. If Evaluators find any differences between grantees' reports and the data they attain, grantees must resubmit their report. If not, Evaluators add narrative accounts regarding the context of the project and the nature of the data collected. According to comments in the GPR and our interviews, grantees sometimes see these reports, but sometimes not, and would often like to see them. Evaluators send the completed GDF reports to Foundation Representatives, Country Liaisons and the Office of Evaluation.
6. Evaluators inform to Country Liaisons of any unforeseen needs which grantees might have.
7. Items 3, 4 and 5 in this list recur throughout the grant.
8. "At the end of the project, the grantee partner compiles a narrative detailing its project's design, implementation, results, goals met, expected sustainability and impact. The narrative identifies what worked, what did not and why, and includes key lessons and comments. Data verifiers review the project history and include their own assessments as to the extent that projects were successful in achieving development objectives".[xx]

9. Data collected through this evaluation process are aggregated by the Evaluation Office and published in IAF's annual results reports, as well as in the Performance and Accountability Reports (PAR) sent to the US Office of Management and Budget.
10. Ex-post evaluations. "Five years after completion, a subset of projects is selected for an ex-post evaluation of their lasting impact on the communities. IAF returns to project sites to meet with former grantee partners, interview beneficiaries, and collect and analyze data on the same indicators registered as baseline data before the initial disbursement and at six-month intervals during IAF funding. IAF's evaluation office prepares in-depth reports and posts executive summaries on IAF's website."[xxi]

The Grassroots Development Framework

The Grassroots Development Framework (GDF) was developed by IAF to facilitate evaluation and reporting for IAF grants. It measures tangible and intangible outcomes at three levels to which it gives equal weight: individuals, organizations and communities. Grantees choose from a 'menu' of indicators of each of the six types (the full list is in Appendix 1).

How the GDF and resulting data are used

As mentioned, the selection of indicators is not imposed on grantees: rather grantees (with their Foundation Representatives and Evaluators) choose indicators most appropriate to their project, organizational capacities and circumstances. Three criteria guide selecting indicators: relevance to project objectives; the grantee's technical capacity to manage data collections; and the grantee's financial resources to collect valid information on the grant results. New indicators are created when a project has objectives and activities which are not covered by the existing indicators. If the project or circumstances change significantly, a grantee can request to change the indicators it uses – such requests are normally approved. On average, IAF grantees use around five indicators (the average was 4.9 in 2011 and 5.2 in 2014).

Figure 3 (below) shows the frequency with which indicators were used between 2011 and 2014. The indicators most commonly used relate to: acquisition and use of new skills; dissemination of new laws; beneficiaries' income generated by IAF-funded activities; resources mobilized from other institutions; and relationships made to further grantees' goals.

The individual and organizational levels were used vastly more often than those pertaining to society. In total, 55% of indicators used during 2011-14 relate to outcomes at the individual level, 43% to outcomes at the organizational level and only 2% to outcomes at the society level.[xxii].

Grantees seem to find the GDF indicators very useful: in the 2014 GPR, grantees expressed agreement with statements such as "The GDF is useful for my organization" (IAF's average score on a 1-7 scale was 5.49). In that year, grantees agreed more than not with the statement "My organization continues to use the GDF for projects other than those funded by the Foundation" (IAF's average score was 4.31 on a 1-7 scale).

In Veyon, Haiti, Oganizasyon Kominotè Fanm Veyon [Women's Community Organization of Veyon] (OKFV) community members meet on the construction site of a new produce storage facility they are building with IAF support.

Figure 3. Frequency of use of the various GDF indicators by IAF grant partners, 2011 and 2014

3. Findings

3.1 From GPRs of other funders

Perhaps the grantee perceptions of other funders can help explain IAF's results. To investigate, we looked at two foundations which also score highly in the GPR on their helpfulness to grantees: the S.H. Cowell Foundation and the Richard M. Fairbanks Foundation, which both give domestically in the USA. More detail about their work and GPR findings are in Appendix 2.

Table 3. GPR results of other funders to the question: "How helpful was the foundation's reporting and evaluation process in strengthening the funded organization / project?"

S.H. Cowell Foundation, 2011	5.5
Richard M. Fairbanks Foundation, 2009	5.4

These examples imply that grantees value reporting processes characterized by:

- Collaboration between grantee and funders in producing reports
- Setting realistic and self-determined goals
- Frequent and direct (i.e., personal) contact between grantees and funder.

These results support the notion that grantee organizations appreciate human contact when dealing with funder requirements. Further, the results from these GPRs suggest that grantees regard "high-touch" processes as helpful regardless of the grantee's size and the types of assessments that are required.

For example, the S.H. Cowell Foundation works "collaboratively" with grantees to ensure accuracy and timeliness. According to its 2011 GPR, 91% of S.H. Cowell Foundation's grantees report having contact with their program officers every few months or more. Like IAF, S.H. Cowell Foundation works with organizations prior to a funding commitment to ensure that successful applicants have realistic grant outcomes and appropriate mechanisms to measure their outcomes.[xxiii]

The Richard M. Fairbanks Foundation has a very different approach to evaluation, characterized by grantees' deciding what to report and how, with the foundation providing minimal recommendations for the three types of reports they expect grantees to submit. The foundation saw a sharp improvement in grantees' perceived helpfulness of the reporting and evaluation process during 2005-9, during which grantees report an increase in phone conversations, site visits, and "in-person" conversations with the foundation. In that period, grantees also increased the amount of outcome data they reported.[xxiv]

Though Fairbanks' evaluation and reporting system is "looser" than that of S.H. Cowell Foundation and IAF, grantees found the processes more "helpful in strengthening the grantee" when their contact with the funder increased.

3.2 From our interviews and surveys

It was clear that IAF's grantees find IAF's reporting process supportive and helpful – nobody reported feeling that IAF was policing them or second guessing them. There were few implications that it is a burden, or imposition – which one certainly hears commonly about other funders' reporting processes.

Rather, we heard many comments about **four benefits which IAF grantees gain from IAF's evaluation and reporting process**:

- **Data**: IAF's process forces / helps grantee organizations to collect data about their activities and performance. Some hitherto did not have any such data, so IAF's process has 'given' them some, and others now have better and more extensive data than they had before.
- **Capacity**: grantees learn to collect, handle, interpret, present and use data. This is particularly important for the organizations with least developed skills in management and analysis, and who have not previously collected data at all.
- **Confidence / courage**: in their ability to collect data, and that their data are accurate and complete. Some grantees find this useful in their dealings with other organizations, such as other funders.
- **Credibility**: with their beneficiaries / communities, and with other organizations. Terms like 'accountability' and 'transparency' were used frequently.

Hence, it seems that IAF's reporting process might usefully be thought of as a capacity-building program: as part of IAF's intervention itself.

These two quotes from non-base groups about their IAF evaluators captured much of what we heard:

Her role is not to find errors. She is here to help us grow stronger and improve. This is IAF's philosophy.

[In relation to the evaluator attending workshops with the community]: *Many times it happens that the beneficiaries feel intimidated by the presence of a funder, but in this case there is a lot of trust.*

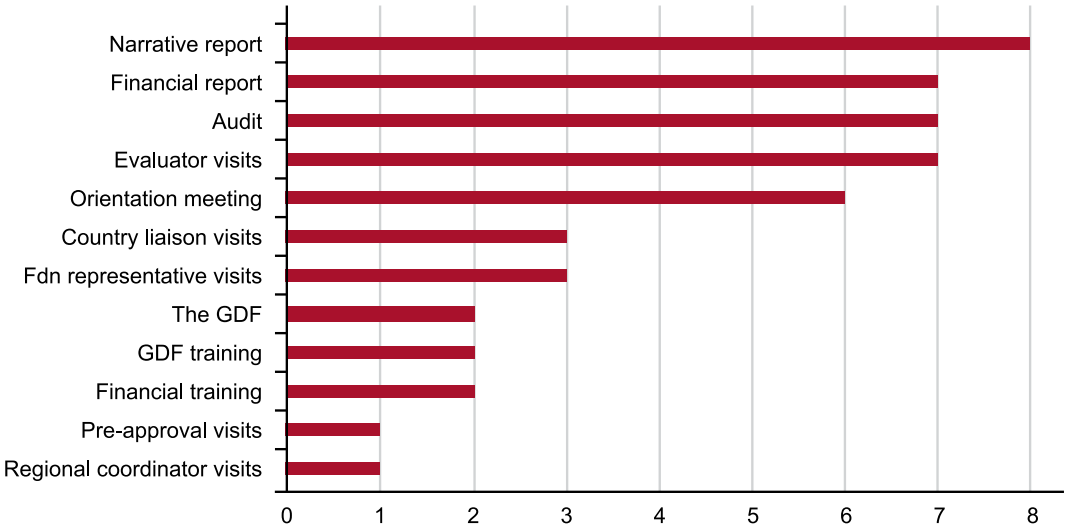
After the earthquake in Haiti in 2010, IAF worked with Haitian Partners for Christian Development to restore operations of solar energy projects in marginalized communities. Here, three men measure the energy output of a solar panel.

What IAF's grantees talk about when they talk about IAF's reporting process

From experience elsewhere, we hypothesized that grantees' views of what they receive from IAF in the reporting process may differ from IAF's view of what it provides. Hence, early in each interview, grantees were asked to list the activities which they perceive as comprising IAF's reporting process. Eliciting this unprompted list was important because it shows what grantees are referring to when they say (as they did in the GPR question that prompted this study) that IAF's reporting process is helpful in strengthening their organization.

In fact this wasn't really the case: **grantees' lists of the process' components largely coincided with those described by IAF** staff and documents. However, many grantees cited audits and financial reports as part of the reporting process, and, as we shall see later, place considerable value on them. Figure 4. Elements of the reporting process mentioned by grantees during interviews below shows the number of grantees who mentioned each component in their unprompted list. Interestingly, **no single component was mentioned universally**. The Grassroots Development Framework itself was mentioned only twice.

Figure 4. Elements of the reporting process mentioned by grantees during interviews



Furthermore, the process which grantees described matched pretty accurately IAF's description, e.g., most grantees recounted evaluators visiting biannually, though one former grantee thought they recalled quarterly reports. This match shouldn't be surprising but is, given how many funders work. One or two grantees reported less frequent visits, though this was normally due to some explicable exogenous factor, e.g., security considerations. A couple of grantees reported that the evaluator stays with them for two or three days on each visit. One said that they had not had a financial audit for more than two years.

Value that grantees ascribe to the various components of the reporting process

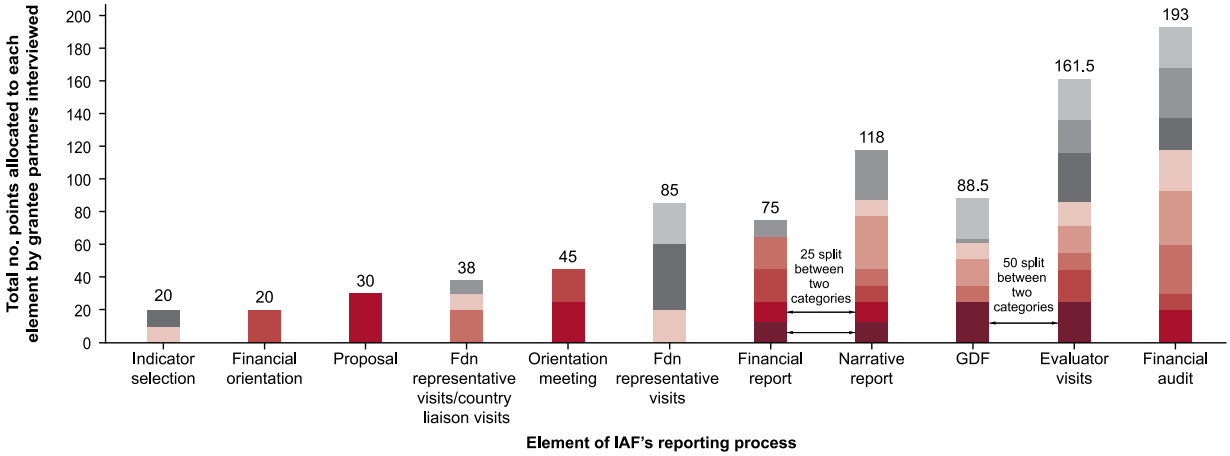
Having established the components which grantees perceive comprise IAF's reporting process, we were then interested in the relative value that they ascribe to each component. For this, interviewees were asked to do two 'games' in which they had to allocate resources between those components. This technique is a variant of conjoint analysis, and its power is in forcing respondents to make choices, and those choices are much more clearly expressed than simply through a discussion.

Relative value of the various components

In the first game, each grantee interviewee was 'given' 100 points to allocate across the various components of IAF's reporting process according to the value they see in it. Hence in total, we 'gave' 900 points. The graph below shows how the nine grantees allocated those 900 points.

(Each grantee is assigned a single color in this graph. Because sample sizes are so small, we have not split out the types of grantee. What some grantees referred to as 'indicator selection' may be what others meant when they cited the GDF, so those two bars may usefully be considered together.)

Figure 5. Allocation of points in the 100 points exercise in IAF interviews



**each colour represents one interviewee*

** Some grantees gave responses which did not add to 100; we have used the figures they gave*

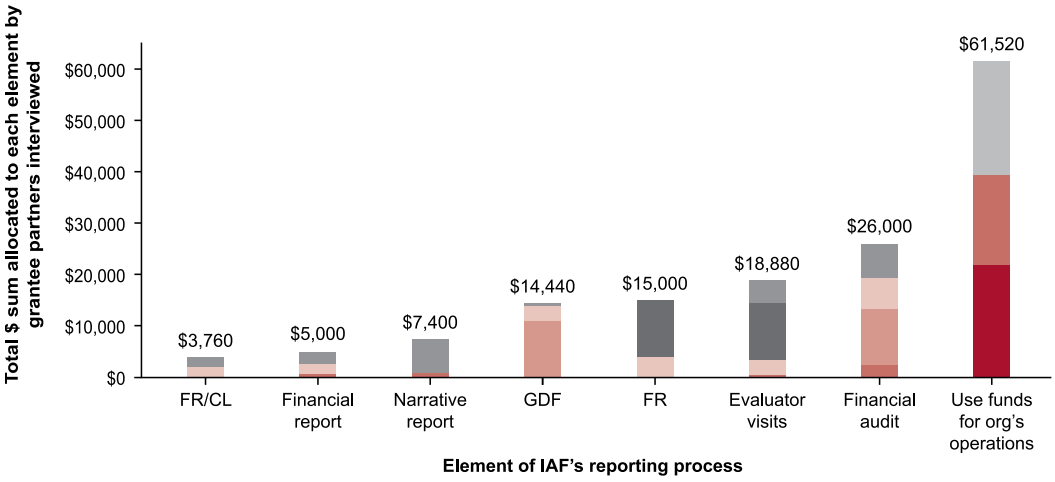
Clearly, the most valuable component is the financial audit (to our surprise), taking over a fifth of the total value. All interviewees ascribed value to the financial audit, bar one: that one grantee who did not allocate any points to the financial audit was a large, well-staffed multi-site organization which had many other funders (and probably also a financial audit process before IAF became involved).

Tubers are key to Central American's diets. IAF has worked with producers in Nicaragua to help them organize better and access international markets. Here, a group of people work at a Malanga processing plant which was built and is operated by IAF grantee partner Aldea Global.

Absolute value of the various components

The second game sought to explore how grantees value IAF's reporting process relative to money for their work. Interviewees were 'given' a notional $22,000 for the life of the grant and, instead of being 'given' the reporting process, could either 'buy back' components of the reporting process or could keep some money for their programs. Of the nine grantees interviewed, one declined to do this game, and another simply indicated the components they would 'buy' but didn't specify figures. Thus in total we 'gave' 7 x $22,000 (= $154,000). The graph below shows how the seven grantees allocated that[14].

Figure 6. Allocation of dollars in the $22,000 exercise by grantees



**each colour represents one interviewee*
**one interviewee did not do the exercise, but did say that they would not spend $22k on the reporting process (their grant was only ~$120k)*

Two grantees chose to keep all of the money for their work. They were both second-tier organizations, who, from the rest of their interviews, seemed fairly sophisticated organizations which already had monitoring systems. They already have data, capacity to handle it, confidence in it, and hence credibility (i.e., the four factors which IAF's reporting process can bring), and hence value IAF's non-financial support less.

A third grantee chose to keep most of the money ($17,500). By contrast, this was a grassroots organization, the smallest organization in the study and the organization that received the smallest IAF grant in our interviewee sample. It is therefore understandable that it was harder for them to "give-up" money to "buy" parts of the reporting process.

Some grantees struggled with the numbers in this exercise. One could only do it if the (hypothetical) amounts were converted (for them) into their own currency. One estimated that a visit from an IAF representative could only cost $200, far below its actual fully-loaded cost. Several needed help to ensure that their allocations summed to the total given.

Leaving aside that bar, again the financial audit is the most highly valued component. Visits are collectively fairly highly valued (if we combine the visits of evaluators, foundation representatives, and country liaisons).

14 Some respondents struggled with the numbers. We have used the numbers they gave.

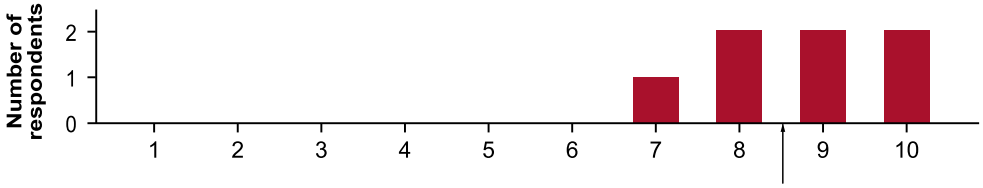
We now talk through the four main benefits cited as arising from IAF's reporting process, and comments representative of many we heard for each.

Benefits IAF's grantees see from its reporting process: 1: Data

We asked each grantee 'on a scale of 1 to 10, how valuable to your organization are the data you report to IAF?' The graph below shows clearly that they value the data very highly. {Notice that we didn't specify which data this refers to: the graphs above suggest that these answers may well refer to financial audit data.}

Figure 7. Value of the data collected to grantee organizations

On a scale of 1 to 10 how valuable to your organization are the data you collect?



**one person said 8.5*

As mentioned, some grantees did not have such data before, and many grantees talked about IAF as having prompted them to 'get their act together' about collecting data, for instance:

> *Before, we would have gone without collecting these data. We did not think it was important. But today, yes, we would do it independently of a funder's requirement.* (base group)

> *We did not keep income data on [a particular group in the community]. We didn't know how to collect this information but the evaluator explained to us how to do this.* (base group)

The data are valuable in various ways, including changing course and gaining visibility of what their work actually enables:

> *One of the objectives was to work with vegetable producers. When we did the evaluation we realized that the commercialization of vegetable products in the way that we were promoting it was not viable. Then we decide to course correct and change the orientation of the intervention*. (base group)

> *Before working with the IAF we had not realized that we actually had an indirect impact on more people than just our direct beneficiaries and we would not count them.* (base group)

Benefits IAF's grantees see from its reporting process: 2: Capacity-building

> *We are caught up in our day to day work and can't stop even to think. This process provides us with a moment for reflecting on our work.* (base group)

> *It helps us to see the progress of our project. We use it for decision-making and for identifying what needs to be improved. There are indicators on things that we had not identified on our own.* (base group)

> *They trained us on what something like that could look like and how it could be done. I would not give them the full credit, but they were definitely an actor that contributed.* (non-base group)

> *She* [an evaluator] *shares examples from other organizations, for example, from other saving groups in other regions. We were surprised to see that there are organizations that have zero default on payments. She told us that it is possible. She helped us review our work, as people were taking on too much debt, because there was too much micro-credit being offered.* (base group)

> *The IAF is facilitating exchanges and learning with other grantees. This is very helpful*. (base group)

> *[It] asks for accountability and pushes me to improve.* (base group)

> [Audit]: *it is demanding and detailed. This helps us, as the auditors make us ensure that we have the necessary documentation. It strengthens our administrative systems.* (non-base group)

> *We have been able to systematize our information and data. It is a way that allows us to assess the work that we do as a social organization. It has strengthened our staff's capacities.* (non-base group)

There are clearly some grantees who struggle with numbers, as evident in the difficulty some had in the numerical 'games'.

There were also tales about IAF teaching grantees how to use and interpret data, e.g., that a person coming to two courses shouldn't be double-counted as two people, and how the number of people 'empowered' by a course may not be the same as the number of people who attended that course: such 'happy counting' is common amongst groups new to handling data.

Several grantees talked about using the GDF indicators on non-IAF-funded projects and/or after the IAF-funded work has finished:

> *It is quite useful, as this way we systematize the data / information on the project. We would also adopt at the institutional level and we have discussed with the evaluator about how to use it for other projects too.* (base group)

> *The recommendations made by the IAF, we also apply them to all our projects. It helps us improve our administrative systems. When the project ends, we will continue with these practices…* (non-base group)

> *We have even recommended the process to other organizations. We find it to be a very good tool both for quantitative and qualitative monitoring.* (non-base group)

> *We don't use it [the tool] only because it is an IAF requirement.* (non-base group)

The capacity building support is almost invariably confined to dealing with data, rather than running projects:

> *We get advice related to how to present data and how to write the narrative. He also orientates us on how to systematize the information. He does not make recommendations in relation to the execution of the project.* (base group)

Some base groups, and all but one non-base groups interviewed already had data / reporting systems in place and therefore saw less value in IAF's intervention. The one non-base group that did not mention having an M&E system of its own reported having an internal audit protocol. It seemed clear that grantees who are more sophisticated already with respect to use of data, appreciate IAF's support less than those who are earlier on that learning journey:

> [Annual audit]: *We [already] had our internal audit protocol, so not as useful.* (non-base group)

> [In response to the $22,000 exercise] *We are an organization with established capacities. It would have interested us to use the money for other activities, as we already had established M&E capacity in-house. But probably grassroots organizations would not be able to do it the same way. For other organizations that are not as big [and sophisticated], it is vital that they receive this investment and this direction, as it is risky not to have control systems in place.* (base group)

> *We were collecting similar data before our relationship with the IAF.* (non-base group)

> *Although the FR was very respectful, I think that they don't have the systems in place to work with a more 'advanced', intermediary organisation that does not need as much monitoring. We are not comparable with organisations that don't have internal control systems in place. In our case it would be more adequate to have less reporting and more dialogue.* (non-base group)

> *These are indicators and data we would have anyway. The GDF indicators are some of the indicators that we use but not the only ones. We have our own M&E system that provides data for the GDF. Data collection happens in a continuous way and then every six months we do a synthesis for the IAF. We do not collect any data specifically for IAF… We go beyond what's in the GDF… GDF indicators are a good basis for project monitoring, but do not speak to impact.* (non-base group)

However even this latter grantee then said:

> *Through the grant process with IAF, there is also a certain building of the capacities of our staff... a learning experience...[The evaluator] has helped us construct our internal systems and structure some of our processes….e.g., he has given advice on how to best collect the training participants lists.* (non-base group)

IAF's system seems to allow for cross-fertilization between grantees, both through the evaluator visits and directly:

> *Annually, IAF brings together the grantees and we have workshops on institutional strengthening. It is the only donor meeting where participants are happy to participate. In the workshop, there is an exchange between older and new grantees. Old grantees have always pointed out the importance of the accompaniment received by the IAF and of the GDF. In contrast with other funders, we never heard a negative comment. Grantees are happy.* (non-base group)

Benefits IAF's grantees see from its reporting process: 3: Confidence / completeness

The process seems often to give grantees confidence in themselves and their skills, confidence that their data are correct and that their data-collection processes are sensible, and confidence that they are not overlooking key aspects of their performance.

> [FR and CL visits]: *Their encouragement energizes us.* (non-base group)

> *Verification visits are very helpful as they bring an external point of view and help us see things that may have escaped us.* (non-base group)

One grantee (non-base group) explained that they have many volunteers, including in collecting their data: "*sometimes it may happen that the data is not always completely reliable, as there are many people in the field that intervene in the process".* Here, it seems that IAF's process helps the grantee have confidence that its data are correct.

> *The evaluator's … observations and criticisms… are useful for us to improve and see things that we don't see on our own.* (base group)

The process – particularly the intensity of the contact – builds a relationship which builds confidence in IAF:

> *The visits add to creating a relationship based on trust, as the IAF is very involved in the work. Organizations feel recognized and valued.* (non-base group)

This resonates with feedback on other donors, where intensity of contact seems to be appreciated (see Section 3.1 about learnings from other GRPs).

Benefits IAF's grantees see from its reporting process: 4: Credibility

> [Audits]: *Very important because it is independent. It gives credibility and rigor to our accounting systems.* (base group)

> [Evaluator visits]: *helps us put order in our implementation system (since some is done by volunteers). His verification adds credibility.* (non-base group)

> *Governments don't do this. Accountability is important. What IAF does contributes to transparency.* (base group)

> [Audit]: *contributes to our transparency and accountability.* (non-base group)

IAF grantees from all over Argentina gathered in Puerto Iguazu. The grantee meeting was coordinated by IAF grantee "Nuestras Huellas", an organization promoting micro-credit in Buenos Aires, Argentina.

Interestingly, several grantees seem to use the reporting data to be accountable to beneficiaries. This is rare in our experience in international development and philanthropy, despite it being considered best practice:

> [The data]*: useful for ourselves internally and for reporting back to the women that we work with*. (non-base group)

> [Financial audit]: *gives us and the beneficiaries assurance. The fact that we are verified by somebody external shows that we do things well.* (base group)

In dealing with other funders:

> *Verification can add some credibility to our data and application.* (non-base group)

> *We are thinking of presenting an application to the municipality and this record is useful.* (base group)

> [Evaluator] *His visits have also helped us in securing additional funding from another funder.* (base group)

Interestingly, grantees talked about *the data* being useful, but none explicitly cited value in the data being 'verified' by an external entity. Perhaps merely *having* these data puts IAF's grantees at an advantage to other grassroots orgs. For instance:

> *We used the data on training participants and previous achievements as context in applications that we did to other funders.* (non-base group)

Not everyone agreed:

> *The fact that it is an external evaluator gives a fresh point of view [which is valuable because]… Our point of view is only an approximation, as we are very involved. But it does not necessarily add more credibility when talking to other organizations.* (base group)

Sometimes the value of the verified data is curtailed because IAF's grants are restricted:

> *We did not [use the data with other funders], because with IAF we worked on very specific issues. Our other projects are very different, therefore the data is not useful across [our portfolio].* (base group)

The flip-side of the fact that the process benefits some organizations is that others may not need it. For example:

> *For us it is not so likely [that the data we submit has inaccuracies] because we have technical staff. But this may be the case for smaller organizations.* (base group)

Other aspects

A few other aspects of IAF's reporting process were mentioned as helpful:

Comments about GDF indicators

Grantees were mixed in their views of this:

> *GDF: It gave me the impression of an experimental tool that is not yet well mastered. This is the least helpful aspect for us.* (non-base group)
>
> *They seem to use only rather simple indicators: The figures on the GDF, e.g. the number of participants.* (non-base group)
>
> *There is one regarding advocacy that we find particularly useful for the long term. Another indicator on acquisition of knowledge from trainings that we carry out is also very useful.* (non-base group)

Again, the more sophisticated grantees were interested in more sophisticated metrics:

> *The most useful indicators are the intangible ones: leadership and application of knowledge* (non-base group)

Cost-effective operational model

A few grantees appreciated the 'lightness' of IAF's model in-country:

> *We have had several funders. Out of all of them, IAF's is the best one. We have seen other organizations open big representation offices in the country and they don't bring as much value. IAF with only two people are achieving more.* (non-base group)
>
> *It is demanding but not absurd. Some other agencies can be too demanding and too difficult to work with. IAF is not as bureaucratic as others.* (non-base group)
>
> *It is also positive to see that the IAF does not spend its money in having a big representation in the country with lots of staff, as other agencies do. They only have three people and yet are able to verify many projects. They are very efficient.* (base group)

Criticisms / suggestions for improvements

Grantees' feedback included that:

- The GDF is difficult and requires attention from skilled staff:

  > *We are an intermediary organization, hence have staff with professional and university education' implying that that is necessary for dealing with the GDF.* (non-base group)
  >
  > *GDF is very difficult to fill out,* {They are referring here to the spreadsheet}. *Too many tabs. It should have a maximum of 4-5 tabs.* There are some that are only relevant for the IAF and they are confusing for us. It would be good that the template they give us only includes those that are relevant for us. (base group)
  >
  > *It may happen that a grassroots organization does not have technical staff and that the rural leaders are not able to use a tool like this.* (non-base group)

- The length or frequency of IAF's selection and reporting processes could be improved:

  > *Financial audits should be more frequent. The last one was two years ago.* (non-base group)

> *The process for approving proposals is very lengthy. In our case it took 18 months. So that might be an issue they should look into.* (base group)

> IAF should *'Reinforce the gender approach in the projects and make sure that there are gender indicators that are compulsory for all projects. (base group)*

As with many funders, there is scope for IAF to provide grantees with more feedback on their input, and demonstrate that these data / reports influence action. e.g.:

> *Reports in general tend to go into a black tunnel, and sometimes we wonder if they are actually read. Our IAF FR always thanked us about the reports but I don't recall having follow up from her directly on the report.*

> *It would be useful to understand if IAF is doing this to learn for improvement or just because they need to be accountable to Congress.* (non-base group)

> *When we receive visits, we never get a report back. We would like to see their [Evaluators'] reports. [IAF could] Make it easier to use. Especially simplify it and make it more accessible for grassroots organizations. (non-base group)*

Reinforcing a theme heard often about funders', there was a request for funder to better co-ordinate their requests of non-profits:

> *My preference would be to… work with the same framework that we work on with another donor, so that we don't have two processes that are burdensome. Why couldn't we use the framework we had with the [another donor] also for the work with the IAF?* (non-base group)

An important point was raised around the fact that the metrics are only measured over the life of the grant whereas meaningful social change takes longer than that. This too is a common criticism or shortcoming of funders' reporting processes.

> *The IAF process allowed us to go further and see how this is affecting beneficiaries' quality of life. We had not been doing that before and were able to start doing this with the IAF and [other] grants. But there is a tricky part: in a three-year project, it was difficult to be able to measure quality of life changes in such short period of time. Tricky to do baseline in one year and survey in second year -- too difficult to see great changes. Hard to track improvement of quality of life in such short period of time.* (non-base group)

Could the 'training' / capacity-building be delivered remotely?

If IAF's 'reporting process' can largely be considered as a capacity-building process for many of the grantees, it is reasonable to ask whether it could be delivered differently and more cheaply, e.g., remotely or in groups.

Answering this reliably would involve some experiments and testing (e.g., to see whether various delivery modes affect increase in grantee capacity during the grant period), which we did not do. We did ask grantees outright about whether they thought the process could be delivered remotely. Many were not enthusiastic (though as is well-documented, people are often unduly skeptical about things they have not yet experienced):

> *I don't think it could happen at a distance. It is fundamental to see and touch. I cannot conceive evaluation work without field visits.* (base group)

> *Technology could be used, but would considerably diminish in value for us. Face to face and field visits are very important.* (base group)

> *There is more value in meeting with the community in person. Technology cannot substitute that.* (non-base group)

> *It is best that they visit in person. At a distance they cannot get to know the people, understand the beneficiaries. It's a different image that you get when you meet face to face, you form a different opinion.* (non-base group)

Others felt that some of the advice could be delivered without visits:

> *I would also want more contact with the FR [who they called the 'program officer], but not necessarily in the form of visits, could be at a distance.*

Again, this may be an instance where segmentation may be useful: some grantees may need contact which is frequent, individual and in-person, whereas other grantees may not.

We asked grantees about their internet connections: all reported good connections, though one was too poor for us to conduct an interview via Skype.

In Chimaltenango, Guatemala, Amigas Del Sol member Clara Peréz prepares a corn dish in her family's solar oven. The cooks themselves are responsible for all aspects of construction, from cutting panels to assembly and painting.

In addition to screwdrivers, hammers and glasscutters, Amigas Del Sol (from Chimaltenango, Guatemala) members master the use of power tools. The women have also improved on the original oven design by adding a storage compartment, a sliding shelf for pots, and wheels and handles.

4: Implications for IAF and other funders

The data and confidence, capacity, and credibility which they bring to grantees seem so valuable to grantees that we should consider that **IAF's 'reporting process' is part of its intervention**. Indeed, grantees showed, in the $22,000 'game', that they judge the reporting process to be three times as valuable as revenue for programs, so it seems a highly valuable part of the intervention. This is worth dwelling on because often in philanthropy and international development, reporting and evaluation are considered rather separate from organizations' 'actual work' and from funders' core purpose of supporting that 'actual work'.

Perhaps we should not be surprised. Even quantum theory tells us that taking measurements of a system invariably changes what is happening in that system. But this goes beyond that: a reporting / evaluation system can have a significant effect boosting skills and, probably thereby, effectiveness.

Hence, perhaps **funders should more often consider their reporting process to be part of their interventions - in other words, part of their effect on organizations they support - and plan deliberately what they want that effect to be.**

A second implication is that **financial audit and information are highly valued by grantees**, both for their own purposes and for credibility with their various external audiences such as communities they serve and funders. We draw this out since it is often overlooked in favor of information about impact and effectiveness (which are clearly absolutely essential to good decision-making).

Third, **the 'reporting intervention', if we can call it that, is most beneficial for organizations lowest on the learning curve,** unsurprisingly. Its value declines as organizations become more sophisticated and have the skills which the 'reporting intervention' can teach. Hence it may be wise to segment grantees (or prospective grantees) with respect to the amount and type of this support that they need – just as most funders do for financial resource.

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The Inter-American Foundation and Giving Evidence profoundly hope that the findings and insights in this case study are helpful to other funders. We further encourage other funders to share detail about their own ways of operating and their performance results, in order to build collective understanding of what ways of funding work best in which circumstances.

'The real purpose of scientific method is to make sure Nature hasn't misled you into thinking you know something you don't actually know.'

- *Robert Pirsig in* Zen and the art of motorcycle maintenance[xxv]

Appendices

1. Full set of GDF indicators

The indicators offered by IAF to new grantees are organized in three levels –individual, organizational and societal, and two dimensions – tangible and intangible. The table below includes all of the indicators in the "GDF menu". The last nine indicators of the table were added through time in response to IAF-funded projects' needs, though they were not used between 2011 and 2014 (and are therefore not in Figure 3. Frequency of use of the various GDF indicators by IAF grant partners, 2011 and 2014 of this report) and are not organized into the GDF's tri-level and bi-dimension model.

All definitions in this table were taken from IAF's Grassroots Development Framework document.

Table 4. Full set of GDF indicators

Short description	Definition
Society level	
Tangible outcomes	
03T Legal changes	Laws, statutes, ordinances, civil proceedings (etc.) at the local, regional or national level that have been approved, amended or eliminated due to debate led or supported by the grantee organizations.
03T Proposed policy changes	Putting forth for public debate issues in the social agenda (public, private and at local, regional and national levels) that will benefit participants.
03T Replication	Replication or adaptation by other organizations or individuals of some methodology, technique or practice demonstrated by the grantee organization.
03T Consultations	Open space at local, regional or national level created for the public by legal norms or a decision by authorities to set forth and discuss ideas or proposals initiated or supported by the project.
Intangible outcomes	
03I Vulnerable people	Attitude or behaviour of the public and private sectors towards the most vulnerable or unprotected populations.
03I Policy (public sector)	Effect of the grantee organization on public sector entities to change policies, decisions or actions on behalf of the most vulnerable or unprotected segment of the population.
03I Policy (private sector)	Effect of the grantee organization on the private business sector to change policies, decisions or actions made by businesses for the benefit of the most vulnerable or unprotected segment of the population.
Organizational level	
Tangible outcomes	
02T Dissemination	Efforts made or actions taken by grantee to provide to external audiences information about project activities.
02T Relationships with other organizations	Formal or informal relationships established with groups or organizations in order to contribute to grant/project goals.
02T Resources donated	Total amount of financial, material and human resources donated to support IAF-funded project activities, excluding IAF funds.
02T Credit extended	Number and amount of loans disbursed to beneficiaries.

02T Sub-donations made	Number of “sub-grants” (i.e. grants given by grantees) given in cash to community organizations or groups to support local development.
Intangible outcomes	
02I Future goals	Ability of the organization to plan and make known the actions intended to sustain and/or advance the process that has been supported by the project, after the end of the IAF grant.
02I Internal transparency	Level of access to clear, timely and pertinent information about the project by staff members of grantee organizations, beneficiaries and members of other organizations.
02I Participative decision-making	Consult and take into consideration the ideas, opinions and interests of grantees, staff members, beneficiaries and members of cooperating entities.
02I Management	Process which makes the grantee organization responsible for administering, monitoring and evaluating the project activities in order to make the project work and meet its goals.
02I Operating adjustments	Grantee’s ability to make changes in the course of the project in terms of its methodologies, techniques and/or activities to adjust them to beneficiaries’ abilities and needs.
Individuals level	
Tangible outcomes	
01T Jobs created	Number of people that obtained new paid jobs, improved existing jobs or kept jobs that would have otherwise (without the grant) been lost.
01T Org. annual income	Income received for project activities in US dollars.
01T Reading and writing improvement	Number of beneficiaries who started a program to improve their reading and writing.
01T Literacy	Number of beneficiaries who completed a literacy program.
01T Nutrition	Action an effect of increasing the frequency, quantity and/or variety of foods consumed in the home as a result of the project activities.
01T Housing	Improvements in availability and quality of housing that result from project activities.
01T Health	Number of project beneficiaries who received some type of health care or consultation.
01T Acquisition of knowledge/ skills	Total number of beneficiaries that received training for the first time as part of the project.
01T Applied skills	Total number of beneficiaries applying knowledge/skills through project activities.
Intangible outcomes	
01I Self esteem	Number of individuals who show in some way that they value themselves more highly, as a result of project activities.
01I Cultural identity	Number of individuals who are aware of their own history and practice their cultural values and traditions and those of their heritage or social group.
01I Creativity	Number of individuals who found novel solutions.
01I Belonging	Sense of security beneficiaries obtain when they have a place in the activities of the project.
01I Communication	Ability to clearly articulate or express ideas, opinions and interests.

01I Leadership	Ability to involve a group of persons in participative decision-making and guide them in order to achieve a desired goal for the common good.
Other indicators. (Not in the 3x2 model and not in the frequency graph.)	
Business incubation	Number of businesses created through the IAF-funded project.
Business services	Availability and description of the services provided to entrepreneurs by the grantee organization.
Urban sanitation	Number of environmental clean-up activities initiated in urban areas under the project supported by IAF.
Rural environmental preservation	Number of environmental preservation activities in rural areas under the project supported by IAF.
Infrastructure	Number of actions (new building, rehabilitation, improvement or other “set up”) of IAF financed infrastructure.
Disability	Number of people with disabilities among grantee organization staff and beneficiaries of the IAF-funded project.
Accommodations for people with disabilities	Types of reasonable accommodations that have been implemented through the IAF-funded project to support participation of persons with disabilities, both in the project and in the community.
Institutional training (grantee staff)	Total number of staff (employees) and volunteers of the grantee organization that received their first training as part of the project.
Institutional training (other organizations)	Total number of staff (employees) and volunteers of other organizations that received their first training as part of the project.

2. Two other foundations whose non-financial processes are valued by their grantees, whose GPR results we reviewed

The S.H. Cowell Foundation works in northern and central California giving grants to organizations that promote social housing, "family resource centers", primary and secondary education (school districts) and youth development. Like IAF, its ultimate goal is the community where the grantee organizations work. Accordingly, it "clusters" its grants so that a grant to one organization complements another grant in the same area / community. S.H. Cowell Foundation works with organizations that show they can work together towards shared goals.

The S.H. Cowell Foundation is also similar to IAF in that the application process can take a long time. Grantee comments describe it as iterative and "sometimes overwhelming".

S.H. Cowell's highest GPR marks were on:

- 100th percentile: Helpfulness of the non-monetary assistance provided by the foundation. The foundation has two types of "retreats" that are very highly valued by grantees.
- 100th percentile: Effect of the grant in improving organizations' ability to be effective in achieving their goals.

Although S.H Cowell's reporting and evaluation process is not as highly rated as IAF's, it is considered helpful by most grantees. In its 2011 GPR, S.H. Cowell rated at the top of the "regionally focused funders" cohort.

S.H. Cowell Foundation tries to answer one main question through its evaluations: "Has Cowell helped to make the community a better place for kids to grow up?" For this, it uses three types of evaluations:

- Grant Evaluations focus directly on grantees' progress by looking at mutually agreed benchmarks.
- Cluster Evaluations periodically assess the efficacy of multiple grants for a given program e.g. youth development.
- Community Evaluations attempt to test the foundation's theory of change by focusing on whether communities where the foundations works are accomplishing long term goals / broad impact.

The Richard M. Fairbanks Foundation works in central Indiana giving grants to health sector organizations. These grants are smaller than those given by IAF and the grantee organizations are considerably larger than typical IAF grantees: Fairbanks' grantees normally have an annual budget of $2 million, while IAF's typical grantee has a budget of $100,000.

In Fairbanks' reporting and evaluation process, grantees send reports annually. There are three types of evaluations: Annual updates, interim program status reports, and final program reports. Fairbanks Foundation allows for grantees to develop these reports autonomously.

Fairbanks' evaluation guidelines stipulate that short (2-4 page) narrative documents should be sent with attachments such as annual reports and organizational budgets for current and previous years. The guidelines allow for a simple reporting and evaluation process, one that is much simpler than IAF's but that would be very unlikely to be successfully completed by grantees like IAF's.

Fairbanks Foundation commissioned GPRs in 2005 and 2009. In that period, it increased its contact with grantees, as mentioned. This was appreciated by grantees: whereas in 2005, Fairbanks scored only the median rating for all funders, and below the median rate for regionally focused funders for the helpfulness of its reporting process, by 2009 it was rated close to the top of the range of regionally focused funders, and in the top decile of all funders.

An engineer from Agua para el Pueblo, in Honduras, "teaches Agua Caliente's water committee about maintenance, including the correct amount of chlorine to make the water safe and how to test the chlorine content weekly."

3. Method

In summary, the investigation involved the following steps:

1. Reviewing literature from IAF, including its two GPRs and various internal and publicly available documents to gain a thorough familiarization with the foundation and its processes
2. Discussions with the leadership of IAF and the Center for Effective Philanthropy (CEP), who designed and applied the survey which gave rise to the study
3. An online survey of IAF evaluators
4. Analysis of other GPRs
5. Hypothesizing sources of value which IAF grantees might find in IAF's reporting process
6. Designing interview guides and criteria for selecting evaluators and grantees to interview
7. In-depth interviews with four evaluators and nine grantees about IAF's evaluation and reporting process
8. Analysis and synthesis of the findings.

Those stages are discussed below.

Desk research and preparing for the field-work

Based on reading IAF material and discussions with its staff, Giving Evidence hypothesized a set of potential "sources of value", i.e., components of IAF's process which might be valued by grantees. We would use this to structure the interviews.

We tested these hypotheses with IAF staff, and through an online survey to evaluators. This survey asked open questions about evaluators' work and about why they thought grantees rate IAF's reporting process so highly. The survey also allowed evaluators to show agree or disagree with or comment on our hypothesized sources of value and to propose additions. The survey was sent to 21 evaluators and answered by 17.

The resulting set informed design of the grantee interviews. For example, perhaps a source of value is that the data grantees gather for the GDF are useful to the grantee: if so, we might expect grantees to say that they use those indicators and gather those data in projects with non-IAF funding, or that they collect those data even after the IAF grant has concluded.

Qualitative research with evaluators and grantees

Evaluators

Giving Evidence selected for interview four evaluators, based on the time they had been working with IAF, and to get regional coverage. Each was interviewed for about an hour, individually, by telephone or Skype. Interviews covered:

- The reporting process and details of how data are verified
- How IAF and the grantees use the data generated
- Evaluators' comparative assessments of IAF's reporting process relative to those of other foundations
- Details of the GDF such as variations between the types of outcomes measured.

Grantees

Giving Evidence selected nine grantees to interview. The criterion was that they should have been sent one or other GPR, and therefore were in the set of grantees whose answers in the GPR gave rise to the study. Hence we drew from organizations which were either active grantees with more than two years of experience as IAF grantees (such grantees would have received at least the 2014 GPR survey), or inactive grantees whose grants had finished recently enough to receive the 2011 GPR.

This criterion also increased the chance that the grantee would recollect IAF's reporting process well enough to answer (for inactive grantees) and longer exposure to the reporting process (for active grantees).

The criterion produced 298 grantees. From that, Giving Evidence took a random sample in order to have a mix of the regions, countries, evaluators, organization types, grant sizes, active and inactive grants. Table 5 shows the distribution of relevant grantee characteristics in the sample.

Table 5. Characteristics of interviewed grantees.

Grant status		Type of organization			Countries represented	First -time IAF grantees
Active	Inactive	Base group	Grassroots support orgs	Co-funders		
7	2	4	4	1	9	7

As it happened, all grantees interviewed had had other funders (by the time of the interview, though possibly not at the time of the GPRs): some had had several, one had had just one other funder about 20 years ago. In total, they cited 29 other funders.

Interviews were conducted by telephone or Skype, and lasted roughly 90 minutes. Respondents were told (truthfully) that their answers would be kept anonymous.

Limitations of the method

Clearly the sample for our interviews was small. This raises the possibility that the set of interviewees – and therefore the views we heard – is unrepresentative. This is a common limitation with qualitative research: the resource requirements of interviews are so high that the sample is often unavoidably small. Clearly a larger sample would increase confidence in the findings. Nonetheless, we have reasonable confidence that the findings are not biased because:

- We chose the sample (of both grantees and evaluators) at random. No grantee or evaluator chosen through this process declined to be interviewed. The set of grantees is roughly representative of all IAF's grantees in terms of geography, size etc.
- Views expressed in the interviews match those in the comments in IAF's two GPRs, which collectively include several hundred grantees.
- Even within this small sample, we seemed to be approaching saturation, i.e., after a while, we ceased to hear new views. Though no guarantee, saturation like this suggests that the main views have been uncovered already.

Our method examined only grantees' perceptions and views. It did not gather empirical evidence on the effect of IAF's process on grantees' performance, which would require experiments and/or quantitative analysis (e.g., case control studies).

4. The Grantee Perception Report

The Center for Effective Philanthropy offers the Grantee Perception Report to organizations since 2003. Over 260 foundations have used the tool and 116 of these have used it more than once, IAF being one of the latter. According to CEP[xxvi], this has resulted in over 50,000 answers from grantees.

One of the key benefits of the GPR is the ability to compare results with those of other organizations.

- The result of questions in the GPR are presented as a point in the range of answers from all other GPRs
- The GPR results also include results (range and median answers) from standard "comparative cohorts" such as "Community Funders" or "Large Private Funders".
- In addition CEP allows funders to create a customized cohort with organizations they consider more appropriate as a comparative reference.

IAF's Customized Cohort

For IAF, CEP selected 14 funders for which it has already conducted GPRs to create a comparison group. They all fund internationally:

- Charles Stewart Mott Foundation
- John D. and Catherine T. MacArthur Foundation
- Levi Strauss Foundation
- Oak Foundation
- Resources Legacy Fund/Foundation
- Skoll Foundation
- The Christensen Fund
- The David and Lucile Packard Foundation
- The Ford Foundation
- The Overbrook Foundation
- The Rockefeller Foundation
- The William and Flora Hewlett Foundation
- W.K. Kellogg Foundation

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All photos courtesy of IAF