the transformational impact of small grants funds

It is at the local level where words are turned into action, so local actors need to be recognized and supported. Small grants funds are able to reach those groups that mainstream funders usually cannot reach. Small grants are able to make an impact: they help improve livelihoods and the environment, but just as important is the shift of decision-making power to the grassroots.
Small grants funds (SGFs) are an indispensable part of the global system of funding for development, equality and environmental justice. SGFs are built on a thorough theoretical framework and vision for change. They make a strong attempt to ensure that the values and theories that underpin their work are being reflected in all aspects of the grantmaking. When SGFs talk about shifting decision-making power to the grassroots and working from a basis of trust, they actively put systems in place to try to ensure this: SGFs walk the talk.

SGFs are strategic investors that provide pockets of small investments across a wide range of actors and regions, based on what is needed. Through these investments, small grants support a wider movement of change, instead of just individual groups. They are able to reach those groups that mainstream funders usually cannot reach.

There is ample evidence that small grants are indeed able to make an impact, although SGFs may require a different definition of impact, compared to other funders, that is better suited to the objectives of SGFs, e.g. increased confidence or ability to acquire other funding.

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

Indeed, local communities and grassroots organisations are at the frontlines. Their critical contributions need to be recognized and supported unequivocally. Such support may take many forms, of which one is particularly promising: small grants funds. This paper shows the role these small grants funds can play in our grant-making systems.
This is why SGFs are able to effectively reach grassroots organisations, movements and activists:

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

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

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

4. **Risk and innovation**
   The funding of SGFs is particularly suitable for risky and/or innovative projects and activities. The combination of the flexible nature of SGFs and the relatively small amounts involved is highly conducive to testing new approaches. The fact that decision-making is devolved to potential grant recipients also helps to open up new opportunities for tailor-made action.

5. **Strategic investments: money is one piece of the pie**
   Community groups are born out of need, not out of a funding opportunity. They exist and function regardless of whether they are being funded. SGFs also recognize that grassroots and community groups don’t only require funding, but also networking opportunities, linking and learning, and technical support. Thus, many SGFs play an active role in supporting (former) grantees in other ways.

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

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

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

9. **A balanced grant size**
   Many SGFs consciously assess the size of the grants they provide. If the grant is too large, it can be disruptive. If the grant is too small, it may not provide sufficient resources to have an impact. SGFs think carefully about balancing the size of the grants they provide.
Measuring impact is important, but taking impact indicators from larger funding mechanisms may result in inaccuracies and make SGFs seem to underperform, while overlooking the true impact.

For SGFs, a sign of success is when the grants reach grassroots groups and communities and those groups are able to use the grants for the work they choose to do (self-determination). SGFs are also successful when the groups gain capacity, self-esteem, recognition, decision-making power and/or engage in larger networks or movements. Many SGFs indicate that they actively invest in strengthening networks and capacity and in amplifying results at the local and national level by aggregating results, e.g. by creating platforms at regional and international levels. The literature indicates that SGFs have an impact – both on the organisation, e.g. strengthening the grassroots group, and beyond, e.g. challenging power structures, improving livelihoods and restoring nature – as long as SGFs ensure flexibility, community involvement and have efficient application and disbursement processes.

Evaluations show that small grants can give rise to environmental benefits and help improve livelihoods. Often, SGFs directly support community participation in key decision-making processes. Improved livelihoods, in turn, also allow for more inclusive and effective decision-making processes. SGFs achieve an impact at the local level, and, through combined action and aggregation, also influence regional and global processes.

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

2. **A shared value base**
   SGF back donors believe in taking calculated risks, being flexible and giving based on trust. Their focus is more on building movements than on output and outcome. Furthermore, small grants funds are often run by people embedded in the movement, and the small amounts also reduce the power imbalance between grantor and grantee. Grantees are often movement leaders with agency, legitimacy and credibility. This also helps to create a relationship on equal footing between grantor and grantee.

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

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

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

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

7. **Cross-movement building**
   Many of the SGFs included in this study recognize that all struggles against oppression are connected and that achieving social and environmental justice depends on connecting different movements. The closer you work to the ground, the less people tend to compartmentalize themselves into separate identity boxes. Working on the crossroads of movements often happens organically, and SGFs are particularly well positioned to support cross-movement building as part of their flexible approach. Women’s rights funds particularly have had an intersectional view for a long time, and have included community-based engagement and movement building as an important prerequisite for change. This can be inspiring for other movements, e.g. in environmental justice and climate change.

More information

These findings on small grants funds are derived from a study commissioned by Both ENDS and DOB Ecology: K. Kraan & A. Wensing, Putting people first: the transformational impact of small grants funds, 2019.

The whole document can be found on www.bothends.org/puttingpeoplefirst