

GRANT-MAKING DESIGN TEAM

**PILOT PROCESS FINAL REPORT**

JANUARY 14, 2015

GMDT PILOT MONITORING TEAM

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## I. EXECUTIVE SUMMARY

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Launched in February 2013, the Grant Making Design Team (GMDT) – comprised of eight OSF staff and leaders from five grantee organizations – was tasked with developing recommendations for strengthening and streamlining a distinctive grant-making culture at OSF.

The GMDT presented its recommendations in November 2013:

- **Decentralize** the authority to approve grants under \$1 million to program directors; pilot further decentralization in 2014.
- Introduce **eligibility assessments** as a tool for **qualifying organizations** to receive OSF grants.
- Adopt **portfolio reviews** as the centerpiece of OSF's system of **accountability** and learning.
- Promote the increased use of **unrestricted funding**, where appropriate.

Most of the recommendations were rolled out untested to all OSF programs in January 2014. Small teams from six programs agreed to participate in an ongoing pilot project to experiment with further decentralization and monitor the implementation of the other recommendations. This report by the core monitoring team describes the main findings and presents recommendations.

### Principal Findings

#### *Decentralizing Grant-Approval Authority*

Pilot programs did not see the desired increase in pluralism of approach, innovation, and risk taking in grant making as a result of delegating grant-approval authority below the program director level. Staff who received greater autonomy did show a greater sense of personal responsibility and ownership, however, as well as increased attention to grantee health and program effectiveness. More time is needed to determine whether, as individual grant makers develop their own distinct style, decentralization will lead to the kind of grant making envisioned. It may also be that greater authority must be delegated directly to program officers in order to promote greater innovation and risk taking.

Decentralization has led to more efficient grant making by avoiding bottlenecks at the presidential level. Still, not all grant-making staff showed a desire for full independence in grant making, and not all pilot programs agreed on an appropriate level for decentralized approval authority. A challenge remains to determine how to align grant-making roles and responsibilities across programs. Moreover, strengthening grant-making culture depends on factors other than decentralization. This includes the effective use of peer reviews for specific grants, which may bolster the quality of decision making by introducing fresh perspectives, in addition to strengthening the craft of grant making within a program.

#### *Decoupling the Qualification of Organizations to Receive OSF Funding from the Approval of Grants*

Grant makers are now more sensitive to issues of organizational health, and recognize its importance in helping determine how to support grantees more effectively. There remains significant variation in how grant-making staff understand and carry out eligibility assessments. One major challenge has been the time spent on conducting, writing up, and reviewing first-time assessments, which was partly due to an inconsistent understanding of the purpose of these assessments and how to calibrate them to specific circumstances. Going forward, program directors can help staff grasp the importance of monitoring the health and effectiveness of organizations over time, recording the relevant detail in Foundation Connect (FC), and making sure that there is a shared understanding among staff regarding how to calibrate assessments. In addition, efforts to better design and use FC to facilitate the eligibility assessment process must take into account grantees' concerns about the nature of the information that OSF stores in the system and staff's broad access to it. These and other findings show that additional messaging and training on the purpose of and appropriate approach to eligibility assessments is necessary.

Bottlenecks at the presidential level will continue to occur because of the volume of submissions. Having a single approver also inadvertently undermines the critical reflection and decentralization of authority that OSF is striving for.

#### *Creating a System of Accountability*

Portfolio reviews were introduced as the core of OSF's system of accountability and learning, and pilot programs found them to be of great value. There have also been some unanticipated negative consequences. The high level of anxiety around presidential and certain board-level reviews led some staff to over-prepare, only to feel let down by the outcomes of the discussion. Preparing the portfolio review document has also been very labor-intensive, especially for portfolios that date back to past strategies. Some changes to FC have made it better able to facilitate the generation of these documents, but much remains to be done. Finally, the insights from and outcomes of portfolio reviews are not consistently and effectively disseminated within and among OSF programs and externally with major partners. Without this, portfolio reviews cannot fulfill their learning function.

#### *Increasing Strategic Flexibility for Grantees*

Many grant makers now better understand the value of providing a select group of grantees with the increased strategic flexibility that unrestricted funds offer. OSF program and legal policies must align to support this kind of grant making, and staff must receive comprehensive guidance and training. More use of multi-year grants would be particularly beneficial for both OSF and its grantees. OSF should explore approaches to budgeting that facilitate moving grantees onto multi-year cycles.

#### *Advancing a Change in Grant-Making Culture*

The OSF president's role in grant making has been essential in helping to advance culture change. While the organization is not ready to have him set aside the part he plays in assessment, he should consider greater delegation aimed at strengthening the role of program directors. These role shifts could be achieved, in part, by decentralizing authority for eligibility renewals and approval of grants above the one-third threshold to directors, while the president instead monitors trends in program grant making during regular reviews with individual programs.

### **Recommendations to the President of OSF**

- 1) Deepen engagement by directors of grant-making programs in promoting a new grant-making culture (*throughout 2015*)
- 2) Align human-resources practices and processes with the core competencies needed by grant makers (*second half of 2015*)
- 3) Decentralize renewal of organizational eligibility (*first half of 2015*)
- 4) Decentralize approval of grants over the one-third threshold (*as conditions allow, late 2015-2016*)
- 5) Decentralize grant-approval authority below director level (*late 2015 into 2016*)
- 6) Address concerns about the handling of sensitive or confidential information in Foundation Connect (*throughout 2015*)
- 7) Advance practice of informal portfolio reviews (*first half of 2015*)
- 8) Develop internal capacity to collect and utilize data from FC and elsewhere to improve portfolio reviews and other grant-making practices (*first quarter of 2015*)
- 9) Explore means of providing programs with budget flexibility from one year to the next (*second half of 2015*)
- 10) Establish an ongoing monitoring and evaluation group to assess grant-making culture (*ongoing*)

## II. BACKGROUND OF THE GRANT MAKING DESIGN TEAM AND PILOT PROCESS

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Since 2010, when George Soros decided that the Open Society Foundations (OSF) would continue indefinitely, OSF has engaged in a broad rethinking of how to establish itself as an institution focused on deep and long-term impact. The resulting institutional transition was aimed at creating a more unified and streamlined organization, while avoiding centralization and excessive layers of bureaucracy. In 2012, OSF had a capped budget for the first time, meant to create a long-term guarantee of financial security that would increase OSF's ability to maximize the impact of its work. When Chris Stone joined OSF as President in July 2012, he took on the responsibility of continuing this transition. In order to clarify reporting structures, streamline communications, and take advantage of the capacity and ideas that already existed within the organization, he set up a Senior Management Committee (SMC) and several design teams to help think through fundamental elements of the transition.

### **GMDT Mandate and Proposals**

Chris Stone created the Grant Making Design Team (GMDT) in February 2013. The GMDT consisted of eight OSF staff from a range of thematic, geographic, and operational units, as well as leaders from five grantee organizations. (See Appendix A for a list of participants.) The president charged the GMDT with rethinking grant making – the core of OSF's work – which accounts for approximately 70% of annual expenditures. The inclusion of respected grantees in the process ensured that the perspective of OSF's valued partners – with whom it pursues the goals of open society and for whom these changes would have a significant impact – would be present in all aspects of the design team's work, including formulation of the final recommendations.

The GMDT's overall goal was to contribute to the creation of an effective yet distinctive grant-making culture at OSF. Specifically, Chris Stone conceived of a culture and processes based on the principles of pluralism of approach, humility, and flexibility. It would allow grant makers to take risks and also recognize that organizations on the ground often know better than funders do what needs to be done and how best to do it. At the heart of the proposed grant-making changes were two ideas – the importance of critical thinking and professional judgment to effective grant making, and the role of healthy and effective organizations in strengthening the fields and places to which OSF is committed.

In order to advance this culture change, Chris Stone tasked the GMDT with developing proposals in the following areas:

- Decentralization of grant approval below presidential level;
- Decoupling of approval of specific grants from the qualification of an organization to receive OSF funding;
- Creation of a system of accountability to accompany decentralized authority;
- Increased use of unrestricted funding by OSF.

Each component of the GMDT mandate focused on a potential lever for promoting the type of cultural change that was envisioned. The GMDT was asked to reflect on how to use those levers most effectively.

In November 2013, the GMDT made the following recommendations, each of which was accompanied by proposals for specific tools and processes:

- **Decentralize** the authority to approve grants under \$1 million to program directors in order to streamline OSF's grant making and diversify decision making. The idea was to introduce more diversity and agency in order to encourage greater innovation and risk taking while preserving the quality and coherence of grant making. The GMDT also recommended piloting further decentralization below the director level in 2014.
- Introduce **eligibility assessments** as a tool for **qualifying organizations** to receive OSF grants. This tool sought to develop the ability of grant-making staff to make informed judgments about an organization's health and effectiveness and subsequent funding decisions. Additionally, it aimed to preserve the president's visibility into program grant making in light of the decentralization of grant-approval authority.
- Adopt **portfolio reviews** as the centerpiece of OSF's system of **accountability** and learning. The methodology proposed was designed to provide OSF program staff, boards, and management a means to collectively reflect on program effectiveness and strategy implementation by assessing the performance of a group of grants and activities against programmatic priorities and strategic objectives.
- Promote the increased use of **unrestricted funding** where appropriate, to increase strategic flexibility for both grantees and OSF.

Originally, all of the proposals were to be piloted during 2013 prior to making final recommendations for OSF-wide implementation in 2014. In practice, it proved impossible to meet this timeline.

In January 2014, grant-approval authority was decentralized to program directors and all programs based out of network offices were required to conduct portfolio reviews and submit eligibility assessments. Chris Stone decided to postpone a broader campaign to promote the increased use of unrestricted funding pending a deeper understanding and clarification as to the lack of enthusiasm shown by many OSF grant makers. OSF's national and regional foundations, which approve grants independently, were encouraged – but not required – to think about ways in which they might adjust their own processes to reflect the spirit of the recommendations.

## The Pilot Phase

Following Chris Stone's endorsement of the GMDT's recommendations, representatives from the Grant Making Support Group, Strategy Unit, and President's Office formed a monitoring team to design a pilot process for the decentralization of grant-approval authority below the level of director. The pilot was also intended to provide insight into the challenges of implementing the new processes, and of increasing the use of unrestricted funding. Given that many of the GMDT's recommendations were rolled out to all OSF programs simultaneously, the value of the GMDT "pilot," in these cases, was largely the opportunity it provided for closer monitoring of how these changes affected a select number of programs.

Subsequently, the following programs agreed to participate in the GMDT pilot group – the Fiscal Governance Program (FGP), the Human Rights Initiative (HRI), the Information Program (IP), the Latin American Program (LAP), the Public Health Program (PHP), and U.S. Programs (USP), which joined in July 2014. In addition to further decentralization, the pilot programs were asked to experiment with intra-program accountability mechanisms around grant approvals and portfolio reviews. These programs were encouraged to explore ways to adjust the GMDT proposals to fit their specific needs and interests throughout the pilot. They agreed to engage in deeper monitoring and reflective discussion about the successes and implications of the grant-making transformation effort and to share their experiences in a systematic manner.

The monitoring team was responsible for guiding the pilot and ensuring that lessons from the pilot programs' experiences would inform the further refinement of the processes. Though the pilot was essentially an internally-driven project, the monitoring team contracted a consultant to provide the team with external guidance, advice, and project-management support. Each pilot program designated one person as the primary point of contact responsible for communication between their program and the monitoring team. Each pilot program also identified other team members who would attend meetings and contribute to the pilot work as needed.

The GMDT pilot formally launched with a kickoff meeting in January 2014. Monthly calls with pilot program representatives provided opportunities for sharing and collective learning, allowing the monitoring team to stay in close touch with the programs. Two in-person meetings in October 2014 – one of which reengaged non-pilot members of the GMDT – were held to evaluate the experience and formulate recommendations. Since then, the monitoring team has worked with programs to refine its conclusions and prepare this report.

The monitoring team adopted a developmental approach to allow pilot programs to experiment, reflect, learn, and adjust continuously, thereby ensuring that their implementation of the new processes best suited their particular needs and interests. Specifically, this meant watching for and responding to key developmental moments – points when the project required adjustment or was poised to move ahead in some notable way.

The monitoring of the pilot programs over the course of 2014 rendered a significant volume of useful data and reflection about the ways in which various processes were helping and/or hindering a major shift in the culture of grant making across OSF. Those reflections and suggestions are collected in the next section.

See Appendix A for a list of participants in the original GMDT, the GMDT pilot programs, and the core monitoring team; more detail on the monitoring process is available in Appendix B.

**Table I. Summary of Program Approaches to the Pilot Components**

	What	FGP	HRI	IP	LAP	PHP	USP
<b>DECENTRALIZATION</b>	<b>Approval Thresholds (Below \$1M)</b>	<ul style="list-style-type: none"> <li>Up to \$200K, Program Officers</li> <li>Above \$200K, FGP Director</li> </ul>	<ul style="list-style-type: none"> <li>Up to \$100K, Pillar Heads</li> <li>Above \$100K, HRI Director or Deputy HRI Director</li> </ul>	<ul style="list-style-type: none"> <li>Up to \$50K, Senior Program Manager</li> <li>Above \$50K, IP Director</li> </ul>	<ul style="list-style-type: none"> <li>Up to \$100K, Senior Program Officer</li> <li>Above \$100K, Regional Director</li> </ul>	<ul style="list-style-type: none"> <li>Up to \$25k, Deputy Initiative Director</li> <li>Up to \$75K, Initiative Director</li> <li>Above \$75K, PHP Director or PHP Deputy Director</li> </ul>	<ul style="list-style-type: none"> <li>Up to \$400K, Fund Director</li> <li>Above \$400K, USP Director</li> </ul>
<b>ELIGIBILITY ASSESSMENT</b>	<b>Who</b>	<ul style="list-style-type: none"> <li>Program Officer drafts</li> </ul>	<ul style="list-style-type: none"> <li>Program Coordinator, Program Officer, Program Manager, Associate Director</li> </ul>	<ul style="list-style-type: none"> <li>Senior Program Managers &amp; Program Managers</li> </ul>	<ul style="list-style-type: none"> <li>Senior Program Officer, with support from Program Coordinator</li> </ul>	<ul style="list-style-type: none"> <li>Program Officers and Senior Program Officers draft</li> </ul>	<ul style="list-style-type: none"> <li>Program Associate and Program Officer draft</li> </ul>
	<b>Leadership Involvement</b>	<ul style="list-style-type: none"> <li>FGP Director reviews and edits</li> </ul>	<ul style="list-style-type: none"> <li>Supervisors review</li> </ul>	<ul style="list-style-type: none"> <li>IP Director reviews</li> </ul>	<ul style="list-style-type: none"> <li>Director and Senior Program Office review (implemented later in the year)</li> </ul>	<ul style="list-style-type: none"> <li>Initiative Director reviews and edits</li> <li>PHP Director or PHP Deputy makes final review before submission</li> </ul>	<ul style="list-style-type: none"> <li>Fund Directors review and revise</li> <li>USP Director or Deputy USP Director makes final review before submission</li> </ul>
	<b>Other Ideas Tested</b>	<ul style="list-style-type: none"> <li>Peer review meeting</li> </ul>	<ul style="list-style-type: none"> <li>Peer review meeting</li> </ul>	–	–	<ul style="list-style-type: none"> <li>Inclusion of EAs in peer review grant meetings</li> </ul>	–
<b>PORTFOLIO REVIEWS</b>	<b>I# Staff Portfolio Reviews<sup>1</sup></b>	1	4	4	2	1	2
	<b># Board Portfolio Reviews</b>	0	3	3	1	4	2
	<b># Presidential Portfolio Reviews</b>	2	1	2	1	2	4
	<b>Other Experiments</b>	<ul style="list-style-type: none"> <li>Role play in preparation for Presidential PR</li> <li>Before and After Action Reviews</li> </ul>	<ul style="list-style-type: none"> <li>Discuss portfolio issues with external experts before portfolio review</li> </ul>	<ul style="list-style-type: none"> <li>Portfolio previews</li> </ul>	–	<ul style="list-style-type: none"> <li>Conduct directors and deputies portfolio review</li> </ul>	–
	<b>Leadership Involvement</b>	<ul style="list-style-type: none"> <li>FGP Director reviews/edits materials before submission</li> </ul>	<ul style="list-style-type: none"> <li>Leadership reviews materials before submission</li> </ul>	<ul style="list-style-type: none"> <li>IP Director reviews materials before submission</li> </ul>	<ul style="list-style-type: none"> <li>Regional Director and Senior Program Officer review materials before submission</li> </ul>	<ul style="list-style-type: none"> <li>Leadership reviews materials before submission</li> </ul>	<ul style="list-style-type: none"> <li>USP Director reviews materials before submission</li> </ul>
<b>PEER REVIEWS</b>	<b>Staff</b>	<ul style="list-style-type: none"> <li>Peer reviews of EAs drafted by Program Officers</li> <li>Peer reviews of Grants</li> </ul>	<ul style="list-style-type: none"> <li>Pre-peer review call</li> <li>Peer review</li> </ul>	<ul style="list-style-type: none"> <li>Calibration of peer review based on amount and risk/controversial nature of proposal</li> </ul>	<ul style="list-style-type: none"> <li>Conducted at Concept Paper stage</li> </ul>	<ul style="list-style-type: none"> <li>Started with 26 staffers per review, cut to 6-7</li> <li>Divided into monthly tracks</li> <li>Pre-docket or post-docket</li> </ul>	–
	<b>External</b>	–	–	<ul style="list-style-type: none"> <li>Two external reviews suggested for requests above \$100K</li> </ul>	–	<ul style="list-style-type: none"> <li>Required between \$75K and \$125K</li> <li>Add advisory committee member for requests above \$125K</li> </ul>	–

<sup>1</sup> Number of reviews that occurred during time of pilot, i.e., between January and October 2014.



### III. FINDINGS

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What follows is a summary of findings and outstanding questions that emerged from the pilot, organized by component. This summary, compiled by the core monitoring team, is based on extensive consultation with pilot programs and input from the non-pilot GMDT members. The final subsection contains several conclusions that cut across the component areas; all relate to the underlying goal of culture change and the roles that various actors need to play in order to maximize chances of successfully transforming OSF grant making.

#### **Decentralizing Grant-Approval Authority**

The group set out to test the hypothesis that additional autonomy and personal responsibility created by the delegation of grant-approval authority below the program director level would increase pluralism of approach, innovation, and risk taking in programs' grant making. Given the differences among the six pilot programs – including size, culture, and history – it was not possible to develop a single model for testing; rather, each pilot program determined the levels of decentralized authority it would test, and regularly monitored for signs that it was achieving the desired results. Programs reported back on issues encountered during implementation, including obstacles or reasons beyond the actual shift in grant-making authority that impacted whether they were able to achieve those aims. ([See Table I](#) for specifics.)

Although pilot participants observed a growing sense of personal responsibility among grant makers derived from increased autonomy, to date, this have not been accompanied by a marked increase in pluralism of approach, innovation, and risk taking in grant making. Grant-making staff to whom grant-approval authority has been delegated need sufficient time and space to develop their own, more distinctive and autonomous grant-making style. The various new processes and expectations – some grants-related, some not – have eaten into available time and sapped energy that might otherwise have advanced the cause. In addition, the immediate impact of the 2013 budget reductions was to reduce or even eliminate monies which might have been used for innovation and/or risk taking. With reduced funds available, many grant makers prioritized maintaining funding to key grantees. Pilot participants felt that a longer time frame is needed in order to adequately test whether further decentralization might play a role in achieving the goals stated above.

It may also be the case that the results we are seeking are only possible when authority is delegated directly to those on the front lines of grant making. In the initial phase, directors were open to delegating authority to staff they directly supervised. For the large programs in the pilot, decentralizing to the next management level down from director meant giving authority to initiative/fund/pillar directors and deputies. In the absence of such a management layer, medium-sized and smaller pilot programs delegated to program officers, thereby bestowing the new approval authority upon those who actually generate most of the grants.

Of note are responses from the Fiscal Governance Program and the Latin America Program, two of the three programs that decentralized approval authority to program or senior program officers. Both programs reported that increased authority at the program or senior program officer level has led to an increased sense of responsibility, seriousness, and attention to detail on the part of grant makers with regards to organizational health and program effectiveness. (The third program to decentralize to its main grant makers was the Information Program. Although it did not explicitly report the same effect, its program managers already enjoyed a relatively high amount of autonomy.) Such results indicate that further decentralization provides a motivational force for grant-making staff, and has the potential to contribute to an increased sense of individual accountability.

The desire for full independence in grant making is not shared by all staff. Nor is there a consensus among pilot programs regarding an appropriate level for decentralized grant-approval authority. Given the differences among the programs, this is not surprising. Program leadership will only support decentralization of grant-approval authority to individuals in whom they have confidence. Also, given the variety of ways that programs currently interpret the grant-making responsibilities of program officers and other core grant-making staff, aligning grant-making roles is a precondition for any meaningful discussion about further delegation of grant-approval authority.

#### Challenges Faced by Large Programs

Each pilot program has encountered varying degrees of difficulty in managing workloads, establishing consistency, and maintaining coherence in grant making in the context of decentralized authority for grant approval. HRI, PHP, and USP face a more extreme version of these challenges due to their size. As noted above, the existence of a middle management layer in these programs means that decentralization has not (yet) reached most grant-making staff. Moreover, in some cases more than one management layer is involved in reviewing or approving eligibility assessments and applications to exceed the one-third threshold. Program directors of large programs also, understandably, have felt the need to be involved in each portfolio review the program undertakes, which can create bottlenecks given the sheer number of portfolios that must be reviewed. Finally, due to the larger size and breadth of work, achieving strategic coherence is even more difficult.

While further decentralization may be a factor in stimulating pluralism of approach, innovation, and risk taking, it is clearly not the only one. A number of other factors would need to align in order to create conditions that foster innovation and creativity, including sufficient time and space for staff to engage beyond the routine, reflect, and experiment.

In the meantime, decentralization of approval authority to grant-making staff has offered other substantial benefits. For example, all pilot programs reported increased staff ownership of grant decisions from those who were delegated greater authority. The pilot group discussed how decentralization is not about who formally (or even figuratively) clicks the “approve” button, but about a sense of agency within one’s assigned domain. Over time, this may well lead to more pluralism in approach as well.

Peer reviews<sup>2</sup> for specific grants have proven to be another effective mechanism for developing a stronger grant-making culture. Based on the belief that gaining a variety of perspectives improves decision making, such reviews have played an important role in developing a greater shared understanding of good practice, thus bolstering the quality of grant making. Those pilot programs using peer reviews ([See Table 1](#)) also believe that they have helped ensure coherence and strategic relevance of grant-making decisions without having everything pass through the director.<sup>3</sup>

Perhaps most important of all, decentralization has led to greater efficiency in grant making. Removing the need for presidential approval of most grants has mitigated – though not fully compensated for – the delays that have resulted from the approval processes around eligibility assessments and the one-third threshold at the level of the president.

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<sup>2</sup> Practices differ, but in general peer reviews offer a chance for colleagues to comment on a grant proposal and/or write-up. In some cases they may be shared in writing, but the reviews often happen as part of a live exchange among program staff.

<sup>3</sup> Here and elsewhere in this document, the term “director” includes deputy directors as well.

## **Decoupling the Qualification of Organizations to Receive OSF Funding from the Approval of Grants**

Although all OSF programs were required to use the eligibility assessment process starting in January 2014, the pilot process provided an opportunity to gain deeper insight into the impact and implementation challenges of the new process on the grant-making culture of a subset of programs. Each program wove any issues it uncovered around the eligibility process into its regular check-ins with the monitoring team, including during a call focused on the topic in August 2014.

With some notable exceptions, most OSF programs have historically had an activist approach to grant making, in which much more attention was paid to short-term outcomes than to strengthening the field by focusing on the longer-term health and effectiveness of grantees. This was very much the culture that OSF had from its founding, influenced to a great extent by the views of its leadership. Furthermore, OSF has often taken on unpopular issues and causes that require building fields to advocate for change. In these cases, there has often been more of an emphasis on achieving specific goals than on support for building overall organizational effectiveness.

With the introduction of eligibility assessments, grant makers are more aware of the need to better understand organizational health. Pilot programs' leadership and most of their staff recognize the value of this greater focus on the state of the organizations they support; they realize that its ultimate purpose is to help see these groups more clearly and understand how well they are equipped to play their intended role, as a first step in determining how to provide support more effectively. At the same time, most staff felt that this new focus may have skewed their relationship with grantees, at least in the initial implementation, towards the transactional and administrative. However, others reported that the new process resulted in deeper, more holistic relationships with partner organizations, with new levels of trust and openness between organization leaders and OSF grant makers. This led to an increased optimism among pilot participants regarding the potential of these processes to contribute to more effective grant making.

Even though the institutional process for organizational assessment was formally decoupled from the decision to make a specific grant, most grant makers continued to see them as two sides of the same coin. This was partly a function of habit and workload, but also due to the fact that some grant makers have found it artificial to separate the conversation about the value of a particular proposal from a consideration of an organization's health and effectiveness.

In this first year, a major challenge has been the time spent, both by grant makers and their supervisors, on conducting first-time assessments, writing them up, and reviewing the final products before forwarding to the president for approval. Workload increased significantly without any compensatory reductions in other areas of their responsibilities. This fact can be attributed to two primary issues – confusion regarding the type of information and analysis required, and insufficient familiarity with the grantees themselves. . These issues will recede over time. However, the bigger challenge is ensuring a common understanding regarding how to “calibrate” the assessment according to the type of organization being assessed, how long it has existed, how long we have had a relationship with the organization, and, to some extent, the type and level of engagement a grant maker anticipates.<sup>4</sup> Some grant-making staff have absorbed this principle. However, a variety of factors – including grant-making staff's own desire to be seen as performing well, directors' interest in conveying a good impression of their programs, and the frank and public nature of feedback from the president – have led others to

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<sup>4</sup> To help the approver understand how a recommender may be calibrating an eligibility assessment, one program raised the possibility of including the projected level of funding for a potential grantee, when known. This would offer the eligibility approver a sense of the order of magnitude of the anticipated grant. It would also, of course, further link the two decisions.

view compulsive attention to detail as the path to quality. The prevalence of this attitude is an impediment to achieving a focus on quality of judgment rather than quantity of information. It is unlikely to change unless program directors understand and help reinforce the notion of calibration.

Concerns about time spent on eligibility assessments are compounded by the number of organizations receiving one-year eligibility terms,<sup>5</sup> which requires the process be repeated every year to secure a renewal. While recording information gained through active monitoring of grants in Foundation Connect (FC) has the potential to reduce the work of preparing a renewal request, this potential will only be fully realized if program leadership requires it.

Concerns about the effect of the president's deep involvement in reviewing all eligibility assessments peaked at the October 2014 meeting. Well over 40% of eligibility assessments for 2014 were submitted between September 1 and November 14. The president was unable to review the high volume of submissions with the speed that was typical throughout the year, resulting in significant grant-making delays. In addition to concern resulting from the bottleneck created by this process, multiple pilot programs expressed concern that a single approver for eligibility assessments, in the person of the president, inadvertently undermines the critical reflection and decentralization of authority that was a stated aim of the new grant-making approach.

While the program officer responsible for the relationship with a grantee is generally expected to conduct the eligibility assessment, several pilot programs used junior staff to do the initial drafting of eligibility assessments. This practice can offer professional development opportunities while helping to distribute workload, but only if the junior staffers involved are mentored appropriately and encouraged to take an active part in the relationship with the grantee.

Although OSF's increased focus on organizational health and effectiveness is intended to benefit grantees, the introduction of eligibility assessments had initial short-term negative consequences for some. Staff did not receive sufficient support on how best to communicate the new process with grantees, leading to many misunderstandings and increased anxiety for partner organizations. Based on an erroneous belief that what was required was an exhaustive understanding of every aspect of an organization's functioning backed up by all available data, some grant makers placed new and, at times, unreasonable burdens on grantees to provide this information.

On a general note, pilot programs reported that frequently grant makers spent more time discussing matters related to organizational health with their grantees in an effort to complete the eligibility assessment than discussing programmatic work aligned with OSF goals. In some cases, conversations became almost exclusively focused on organizational health. An important question identified during the pilot was to what extent awareness of problems within grantee organizations obliges grant makers to help solve them. While Chris Stone suggests taking a very hands-off approach, pilot program members expressed concern that failing to act will create the perception that the process of collecting and assessing information about organizations is not really about improving grant-making effectiveness. This is particularly the case when an organization has significant challenges. Ultimately, there is insufficient clarity as to how grant makers could or should respond to the realities discovered.

There is also a concern among those who work with smaller, informal, or loosely organized groups that the way in which some grant makers ask questions about organizational health will signal to grantees that OSF is more interested in funding organizations with robust governance, finances, and leadership. Some also fear that grant makers themselves will begin to skew their grant making in the direction of support for such robust organizations because it is perceived as easier, less time-consuming, and/or

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<sup>5</sup> Roughly 30 percent of the total eligibility terms granted in 2014 were for a year or less.

safer. In some cases, grant makers have deliberately chosen to limit grants to below \$25,000 in order to avoid paperwork and scrutiny, as an eligibility assessment is not required at that amount. Correcting these perverse incentives will require continued clarification by the president, directors, and others to ensure that OSF's ongoing commitment to a wide range of formal and informal organizations and approaches to social change remains clear.

Grantee participants in the October 2014 meeting expressed concern regarding the nature of the information OSF stores in Foundation Connect and how many staff have access to that information. While they clearly understood the need for OSF to gather confidential information and make it available to relevant staff, they were vehemently opposed to the idea that information they provide to a staff person with whom they have a trusting relationship would be accessible to some six hundred other OSF employees. Many grant-making staff share this disquiet about the system's level of openness and have thus hesitated to use FC as a repository for confidential information about grantees. The issue requires serious consideration; OSF must look at both the question of access and the training and orientation provided to staff on the handling of confidential information.

### **Creating a System of Accountability through Portfolio Reviews**

As was the case for eligibility assessments, the pilot provided an opportunity for deeper insight into the lived experience of preparing for and conducting portfolio reviews. Among other occasions, programs contributed their observations on the review process during a group call in July 2014.

In general, pilot programs found portfolio reviews to be of great value. This is especially true with regards to making the time to examine past strategies, look holistically at one's work, and develop a critical posture towards it. Having said that, all programs agree that when the time invested in preparing for reviews is compared to the value obtained by the program, at least for those portfolio reviews conducted with the president and, to varying degrees, with advisory boards, the ratio is not right. Although experience may be a partial corrective as programs learn how to prepare for reviews with greater efficiency and begin reviewing portfolios carried out under their more recent strategies, action is also required to adjust the ratio now.

There is a self-reinforcing dynamic whereby the attention and importance attached to portfolio reviews frequently leads to over-preparation. This raises the chances that program staff will not find the results worth the time invested, and contributes to a sense of anticlimax when the review is over. This is particularly true given that the value of many reviews will only be seen in strategic course corrections that can take time to decide on and years to have measurable impact. Much of the disquiet seems to have two sources: first, the understandable anxiety created by a new, seemingly high-stakes process that involves the president or board members;<sup>6</sup> and second, an ongoing sense of uncertainty felt by many about the fate of portfolios and programs in this time of change. Furthermore, the multiple purposes of portfolio reviews – accountability, learning, strategic refinement, informal assessment of staff and program quality – can be in tension or interpreted variously by participants, which adds pressure and confusion. In order to better balance the cost-benefit ratio, greater clarity is necessary on what level of preparation is expected for the different types of reviews, as well as common messaging by directors.

On a more technical level, we may be able to inch slightly closer to the initial vision that saw portfolio review documents as being partly generated by FC. Many reviewers have been hamstrung by the fact that their portfolios looked back on a previous strategy period, when portfolios were not necessarily the agreed-upon unit of analysis for their work, and when that work may even have been proceeding

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<sup>6</sup> Representatives of the Information Program and US Programs saw the anxiety generated by the process as a natural and even beneficial factor in helping focus staff's attention and perhaps eventually ensuring that portfolio review outcomes were applied to ongoing work.

under a different set of strategic assumptions altogether. The combined effects of habituation, some recent improvements to FC that allow for tagging grants by portfolio, and the revised categories-of-work approach should make portfolio review preparation somewhat less labor-intensive. However, for the foreseeable future, portfolio review preparation will continue to involve a substantial amount of work, and producing the documents will remain a painstaking and bespoke process. This will apply especially to portfolios that feature grants to individuals and/or non-grant activity, as well as those that include grant making by national and regional foundations (whose data remains largely absent from FC).

Most programs felt that the run-up to a review offered more insight than the meeting itself. Although there are a variety of reasons why this might be the case, a continuing lack of understanding among some participants regarding their assigned roles and the goals of the process was a major contributing factor to less productive discussions. This was especially true for advisory board members. Additional efforts to clarify the goals and nature of the process, combined with improved facilitation of the sessions, could help keep the conversation more sharply focused, hence maximizing the value of the review session.

There is a strong consensus among pilot programs that more should be done to ensure that the insights from portfolio reviews do not reside exclusively with those who were in the room. Each program is responsible for disseminating outcomes of significance internally. Programs and the Strategy Unit's Results Assessment team share responsibility for ensuring that both the wider organization and external partners are enriched by the insights from particular reviews; it is here that less progress has been made.

While not yet a full-fledged accountability tool, portfolio reviews have served other purposes, such as encouraging reflection, bringing people together across silos to share experiences, collecting data, and getting board and leadership feedback. The portfolio review process has, at its best, helped foster new skill sets and habits of mind that are reshaping ongoing grant-making practices.

### **Increasing Strategic Flexibility for Grantees through Unrestricted Funding**

Although Chris Stone decided not to undertake an OSF-wide campaign to promote the increased use of unrestricted funding in 2014, pilot programs engaged in some discussion of this topic. Notably, the eligibility assessment process and increased focus on organizational health, effectiveness, and positioning has led many grant makers to see the value of giving organizations increased strategic flexibility through the use of unrestricted funding. As a result, any future effort to encourage this type of funding will find a significantly more receptive audience.

There is a general consensus that providing a select group of grantees with the increased strategic flexibility that unrestricted funds offer is a worthwhile endeavor, and that making these grants multi-year would significantly increase their benefit to both grantees and OSF staff. Multi-year grants not only give grantees greater stability, thereby allowing for better planning, but also help reduce the overall administrative workload of both grantee organizations and OSF. Feedback from grantee members of the GMDT indicated that the combination would be very attractive; in fact, it was the element of the GMDT's original recommendations that was of greatest interest to them.

There are a number of caveats to issue and challenges to resolve before any such plan can be implemented. First, we need to ensure that the range of legal compliance, OSF business rules, and local statutory considerations that factor into sourcing and structuring a grant are aligned to support provision of multi-year, unrestricted grant funding. Consistent policy and guidance from Grants Management and General Counsel staff in Budapest and New York will help programs to transition appropriate grantees to this funding mechanism.

Second, to stay within approved budgets and avoid gaps in funding to grantees, programs would benefit from access to additional funds in the first year this is implemented. This will allow them to facilitate a staggered approach to moving grantees onto multi-year cycles.

In addition, staff will need guidance and training on when and how best to offer unrestricted, multi-year support to grantees, and on how to communicate their reasoning and evaluation criteria to grantee representatives.

A separate but related issue is the use of combined grants, referred to as omnibus grants when multiple OSF programs are funding the same grantee in order to maximize collaboration among programs and reduce administrative burdens on grantees and OSF staff. Based on experience this year, pilot programs that have developed omnibus grants note that these negotiations involve a separate set of challenges – particularly when such a grant mixes restricted and unrestricted funds. Given the ratio of cost to benefit for both programs and grantees, attempting to link the use of omnibus grants to an increase in the use of less restricted funding could backfire. For now, staff could be encouraged, but not required, to consider combining unrestricted grants to the same organization, or at least aligning grant terms so that an omnibus grant might be considered in the future.

### **Advancing a Change in Grant-Making Culture**

The ultimate aim of the set of processes and tools developed by the GMDT in 2013 and implemented in 2014 was to stimulate a significant culture change – a change in how OSF does its work as grant makers and how OSF is accountable to grantees, colleagues, and the leadership of the organization. While each tool and process has a stated goal – portfolio reviews help grant makers look back critically at a body of work so as to learn and influence strategy in the future and eligibility assessments ask grant makers to look more deeply at the organizational health of our grantees – the underlying aim of these processes is to provoke a change in habits of mind, as individual grant makers and as an organization. To continue and deepen these changes requires more engagement and involvement by program directors, as well as a redefinition of expectations and roles of program leaders in promoting culture change.

The role of OSF's president in approving grants in 2013 and the level of questions and criteria he applied to eligibility assessments and requests for exceptions to the one-third threshold in 2014 have been essential to raising grant-making standards and thereby helping advance culture change. As noted above, most grant-making staff now appreciate the need for and value of a deeper understanding of an organization's health and positioning, and the necessity of articulating a strongly reasoned, analytical case for particular grants. The president's involvement has been especially crucial in raising the bar for grant makers that have not previously prioritized rigorous analysis in grant making.

To be sure, the improvements have not been uniform. Some units have integrated this new way of thinking and adopted processes to ensure consistent application more quickly than others. Elsewhere across the network, individual grant makers have shown that they can consistently meet the new standards set by the president. While we agree that the organization as a whole is not ready to have the president step back completely from judging the quality of these submissions, we see a dilemma posed by the nature of the president's current forms of involvement. Our history and internal culture meant that no one other than the president possessed the authority to launch and cement reforms of this nature, but we believe that continued deep and uniform engagement by the president with individual grant makers now risks hindering the very culture change we seek, in three significant ways.

First, the delays in grant making are real and have a serious effect on grant makers' ability to do their work. As will inevitably happen from time to time, the inability of the president to assess organizations or grants in a timely manner becomes an obstacle to swift grant making.

Second, morale has suffered. Though some grant makers are pleased to have the chance for intellectual engagement with the president through assessments, others feel that presidential scrutiny has led to less autonomy (despite the fact that grant-making programs, and grant makers within pilot programs, have more independence than they have ever had before). This feeling of decreased autonomy has also led to a sense that the expertise they brought to OSF has been questioned and devalued.

Finally, the current intensity of presidential involvement in these approval processes forestalls the development of alternative sources of authority and responsibility on these matters. The president's direct connection to program staff, while crucial, has left out a set of key players in moving us towards a new culture – the program directors to whom staff look for leadership on a day-to-day basis. If the transformation OSF seeks is going to be successful, it will require all leaders of grant-making programs to be actively engaged in improving grant-making standards and practices.

Participants in the GMDT pilot benefitted from hearing directly from the president a few times during the year. This helped staff to grasp more quickly his vision of, for example, eligibility assessments. They came to see these as a more comprehensive, less formulaic means of understanding a grantee organization, and of separating that understanding from the question of whether to address organizational development needs, rather than principally as a due diligence tool. Conversely, many program leaders who have less direct and regular interaction with the president seem to be missing a clear understanding of his vision of excellence for grant-making programs, and of how their roles and those of their staff must evolve to achieve it.

In the absence of direct conversations with the president about the nature of these roles and the associated responsibilities that must be parsed and assigned, discussion of these subjects between directors and grant-making staff are either not happening or happening without the conceptual tools necessary to make them productive. In turn, program leadership would benefit from additional support and guidance regarding recruitment and performance assessment of grant makers. Any sense among grant-making staff that program leadership either does not understand or may not fully support the changes being promoted can easily undermine our best efforts.

While pilot participants recognize the important role the president is playing in transforming the way OSF approaches grant making, they encourage the president to begin laying the groundwork now for both new and existing program directors to eventually play more of a leadership role in ensuring quality control and mentoring grant-making staff. Without the leadership of program directors, it will be difficult to generate a sense of ownership, enthusiasm, and understanding among staff more broadly for the culture OSF is trying to create.

A truly transformative change in OSF's approach to grant making will require a set of steps beyond introducing new processes. Decentralization of authority for eligibility renewals and approving grants above the one-third threshold to directors would serve to advance our ultimate culture-change goals while helping to address the unintended consequences mentioned above.

Shifting from reviewing all eligibility assessments and one-third threshold applications to monitoring trends by program, subprogram, or portfolio would allow the president a more holistic picture of how a program integrates considerations of organizational health and diversified funding into its grant-making practice. It would continue to provide an accountability mechanism, while engaging program directors in quality control and reinforcing their commitment in this area. This would require the president to set aside some time, perhaps every six months, for a review with individual program directors and, potentially, with grant-making staff. Retaining approval authority for all new organizations allows the president to maintain his accountability to the chairman of OSF.



Further decentralization alone will not eliminate all of the barriers to culture change; this will require deeper work at almost every level of the organization. One of the most exciting aspects of the GMDT process was seeing how pilot programs experimented with ways to deepen grant-making culture among program staff. These efforts included:

- Building peer review systems that encourage all staff to participate in setting high standards and learning from each other's successes and failures;
- Revisiting core competencies of grant-making program leadership and staff to make sure that they are specifically oriented towards the needs of a new grant-making culture, then using HR processes of recruitment and staff assessment and development to ensure improved alignment;
- Providing tailored support to new and veteran grant makers that promotes continual improvement over the course of a grant maker's career;
- Rethinking the division of roles among grant-making staff within a program.

### **Adjustments Made and Changes Under Way**

One of the benefits of the developmental monitoring approach was the ability to immediately respond to the most pressing or actionable findings. The list of midcourse adjustments that are in progress or already complete includes:

- Development of a second edition of the Eligibility Assessment Guidance with clearer and more nuanced criteria (GMSG – completed);
- Communication by the president to grant-making staff regarding why more focus is being placed on organizational health and effectiveness (October Town Hall for Grant Makers);
- Indexing portfolio reviews by theme to allow for quick reference by other program staff (Strategy Unit – in progress);
- Improving portfolio review outreach to board members (Strategy Unit – in progress);
- Consulting pilot program staff and colleagues in the GMSG, Information Technology, and Grants Management to explore and implement possible changes to Foundation Connect in order to facilitate preparation of grant data for portfolio reviews (Strategy Unit – in progress);
- Convening discussions with Grants Management, Finance, General Counsel, IT, programs, and the President's Office on a) the nature of information related to grantee organizations that OSF stores in Foundation Connect; b) the advisability of restricting access to confidential information; and c) orientation and training needs of OSF employees (GMSG – in progress);
- Designing and implementing Topics, My Working Notes, and one-third threshold calculation features in Foundation Connect to, respectively, support portfolio review preparation, mitigate confidentiality concerns, and facilitate one-third threshold approvals (GM and IT – completed);
- Developing definitions of the various funding mechanisms that reflect a common understanding shared by Grants Management and the Office of the General Counsel in New York and Budapest (GMSG – in progress);
- Developing guidance on how and when to use less restricted funding that reflects compliance, sourcing, and other Grants Management and General Counsel considerations (GMSG – in progress).

## IV. RECOMMENDATIONS TO THE PRESIDENT OF OSF<sup>7</sup>

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The recommendations below stem directly from the findings of this process and are aimed particularly at advancing the culture change project mentioned above. They have been endorsed by the individuals participating in the GMDT pilot process on behalf of their programs, but not by the programs per se. Note, it is strongly emphasized that none of these recommendations should be implemented without the development of a realistic and properly sequenced rollout plan. Plan development should begin early in 2015, as it may take some time to determine exactly what is needed to support these recommendations. Once requirements have been clarified, it will be possible to establish a comprehensive timeline for implementation.

### 1. Deepen engagement by directors of grant-making programs in promoting a new grant-making culture

Given the ongoing and long-term nature of the shift to OSF's grant-making culture, the president should work closely with grant-making program directors to clarify his expectations of the leadership and mentoring role he would like them to play.

**Implementation period:** throughout 2015

### 2. Align human-resources practices and processes with the core competencies needed by grant makers

Once formal decisions have been made based upon the conclusions of the role-alignment process with respect to grant-making core competencies, the Grant Making Support Group and Human Resources should collaborate to develop recruitment, performance assessment, and professional development practices that reflect these standards. Once a proposal has been developed, a consultation should be held with the leadership of grant-making programs.

**Implementation period:** second half of 2015

### 3. Decentralize renewal of organizational eligibility

Give program directors authority to renew the eligibility of any organization with a current (non-expired) eligibility status to receive OSF funding. Prior to implementation, the president should hold a meeting with directors of all grant-making programs to share his experience over the last year and clarify expectations for writing and approving assessments. The president's engagement could then shift to monitoring trends by program, subprogram, or portfolio through semi-annual meetings to review patterns, as well as ongoing approval of all first-time grantees.

**Implementation period:** first half of 2015

### 4. Decentralize approval of grants over the one-third threshold

Give program directors authority to approve grants that exceed the one-third threshold guideline. Prior to implementation, the president should conduct a review by program of 2014 grants in this category. In preparation for this review, programs should prepare a memo outlining the particulars of the fields and places in which they regularly experience the need to make grants above one third.

**Implementation period:** as conditions allow in late 2015 into 2016

### 5. Decentralize grant-approval authority below director level

Once formal decisions have been made based upon the conclusions of the role-alignment process, task the GMSG with proposing levels and thresholds for decentralized grant approval. Grant-making

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<sup>7</sup> There are additional suggestions embedded in the Findings section above that require action by the GMSG, Strategy Unit, and Program Directors. The GMSG and Strategy Unit take responsibility for ensuring follow-up.

programs should be able to request authority to decentralize below director level once they have completed role alignment within their program. As soon as is reasonably practical, changes should be made to FC that allow for those with delegated authority to exercise that authority without the involvement of supervisors. Programs proposing further decentralization should consider peer reviews or analogous mechanisms as part of their decentralization plan as a means of promoting programmatic cohesion and a strong culture of high-quality grant making. This is particularly the case for large programs.

**Implementation period:** late 2015 into 2016

## **6. Address concerns about the handling of sensitive or confidential information in Foundation Connect**

Task the GMSG to consult with relevant stakeholders and make recommendations to the Senior Management Committee, with policy, training, and technical changes implemented as soon as is feasible.

**Implementation period:** throughout 2015

## **7. Advance practice of informal portfolio reviews**

Encourage the use of a lower-intensity model of portfolio reviews at the staff level to ensure that programs – particularly the largest – can review all of their work over a two-year period. With directors' agreement and oversight, lower the profile of internal reviews by offering other managers and grant makers the ability to conduct reviews themselves. Task the Strategy Unit with ensuring that a) programs have developed an approach to staff-level reviews that is suitably light without losing rigor; and b) programs have a plan in place for reviewing all portfolios over a two-year period starting with January 2015.

**Implementation period:** first half of 2015

## **8. Develop internal capacity to collect and utilize data from FC and elsewhere to improve portfolio reviews and other grant-making practices**

Consider options for building staff capacity in programs or support units to prepare reports and analyze data to inform strategy and budget development, portfolio reviews, program development, and other aspects of grant making.

**Implementation period:** first quarter of 2015

## **9. Explore means of providing programs with budget flexibility from one year to the next**

Consider options for a more flexible approach to budgeting, especially one that facilitates multi-year grant making. Task the Finance Department to examine the barriers and gather information about how such approaches work at peer foundations, and to make recommendations to the Senior Management Committee.

**Implementation period:** second half of 2015

## **10. Establish an ongoing monitoring and evaluation group to assess grant-making culture**

In order to provide continuous feedback on grant-making culture change, the GMSG should periodically convene grant makers from across the network to gather feedback on processes, monitor implementation of the recommendations, and provide a space to evaluate the need for further reforms.

**Implementation period:** ongoing

## V. EVALUATING THE GMDT PILOT MONITORING PROCESS

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The monitoring team developed a short survey at the end of the process to gauge pilot teams' views on the success of the monitoring project. In general, the teams felt that the group had succeeded in adjusting the new processes to reflect their lived experiences, and that those efforts resulted in a strong list of tested recommendations to OSF's president on how to advance the transformation of OSF's grant-making culture. However, while respondents endorsed the decision to drop the initial approach focused on close monitoring of progress via tracking tools due to the time commitment it entailed, they felt that doing so might have led to some missed opportunities and less rigor in pursuing solutions to questions of grant-making quality, agility, design, and innovation.

Programs' cost-benefit analysis of their overall participation in the pilot was similarly positive, on balance. Programs appreciated opportunities to engage with and learn from colleagues in other pilot teams and to influence OSF grant-making policies and the units that carry them out. They noted, though, that the time commitment was greater than they originally anticipated and that the emergent nature of the monitoring approach meant that the path forward was not always sufficiently clear to them.

Nonetheless, all pilot programs agreed that the developmental and emergent approach was what ultimately allowed the project to succeed. While support for this approach was not unanimous at first, most pilot program colleagues attributed their initial skepticism more to a need for answers and reassurance during a time of extensive organizational change than to the appropriateness of the model. A more ongoing concern was a sense that the approach was process-heavy and not sufficiently attuned to the other pressures on pilot programs during an extremely busy year.

Participants felt the monitoring team did a good job of designing and facilitating a process that allowed all pilot programs to capitalize on individual diversity and that created the conditions to bring everyone's best thinking to the table. While the diversity of participating programs was generally seen as a strength, pilot program team members also noticed that it occasionally got in the way when, for example, issues of import to a smaller subsection of the group were in focus. In the end, good relationships, positive group dynamics, and the sense of community that developed throughout the process helped the group manage these challenges.

All pilot programs acknowledged that one of the main accomplishments of the GMDT pilot process was the establishment of a community of grant makers engaged in serious reflection on the advantages and drawbacks of implementing new processes and collectively dedicated to making the most of them. Pilot program teams felt that some effort to extend the interaction beyond the end of the GMDT pilot was warranted, assuming members' interests could be sufficiently aligned.

Further detail on each of these points can be found in Appendix C.

## VI. CONCLUSION

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When the history of OSF is written, 2014 will mark a major turning point in the institution's development. With the roll out of so many new policies and practices related to grant making, staff and leadership across the institution have engaged in a process of reconceiving how we do our work. Some of these changes have been positive while others have had negative, unintended consequences. This effort offered a mechanism for tracking those changes and their impacts, making corrections along the way, and assisting grant makers in moving grant making in new directions.

The culture change OSF seeks cannot be completed in a year. It will require many years of consistent engagement at every level and from every part of OSF to spread and deepen. Culture change will also require a continuation of monitoring and evaluation to ensure that processes implemented to improve grant making continue to serve their intended purposes. This will not happen unless OSF as an organization makes a commitment to continuous evaluation of its grant-making culture.

## APPENDIX A. LIST OF GMDT PILOT PARTICIPANTS

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### Grant Making Design Team

- Violeta Alexandru, Director, Romanian Institute for Public Policy
- Joe Behaylo, Director, Grants Management
- Nicole Campbell, Deputy General Counsel, Office of the General Counsel
- Sandra Dunsmore Director, Grant Making Support Group (Chair
- Janet Haven, Associate Program Director, Information Program
- George Hsieh, Program Officer, Office of the President
- Erlin Ibreck, Regional Manager for Grant Making, African Regional Office
- Johanna Chao Kreilick, Director, Strategy Unit
- Vicki Litvinov, Regional Manager – Grant Making, Eurasia Program
- Julie McCarthy, Director, Fiscal Governance Program
- Lucia Nader, Executive Director, Conectas Human Rights
- Oluwakemi (Kemi) Okenyodo, Executive Director, CLEEN Foundation
- Daphne Panayotatos, Program Coordinator, Strategy Unit
- Oussama Rifahi, Executive Director, Arab Fund for Arts and Culture
- Yervand Shirinyan, Deputy Director, Human Rights Initiative
- Winnie Stachelberg, Executive Vice President for External Affairs, Center for American Progress

### GMDT Pilot Teams

#### *Fiscal Governance Program*

- Subarna Mathes, Learning and Impact Program Officer (Point of Contact)
- Julie McCarthy, Director

#### *Human Rights Initiative*

- Yervand Shirinyan, Deputy Director (Point of Contact)
- Sarah Hansen, Officer for Grant Making
- Kizito Byenkya, Program Coordinator

#### *Information Program*

- Melissa Hagemann, Senior Program Manager (Point of Contact),
- Janet Haven, Associate Program Director
- Vera Franz, Senior Program Manager

#### *Latin America Program*

- Cathy Ross, Senior Program Officer (Point of Contact)
- Daniela Rodriguez, Program Coordinator

#### *Public Health Program*

- Daniel Wolfe, Program Director – International Harm Reduction Development Program (Point of Contact)
- Brett Davidson, Project Director – Health Media Initiative
- Jonathan Cohen, Deputy Director
- Marine Buissonnière, Director

#### *US Programs*

- Andrea Batista Schlesinger, Deputy Director (Point of Contact)
- Maya Tessema, Program Associate

### **Core Monitoring Team**

- Roberto Cremonini, Partner, Giving Data
- Sandra Dunsmore, Director, Grant Making Support Group (Coordinator)
- Tom Hilbink, Associate Director, Grant Making Support Group (joined September 2014)
- George Hsieh, Program Officer, Office of the President
- Toby Levin, Administrative Coordinator, Grant Making Support Group
- Daphne Panayotatos, Program Coordinator, Strategy Unit
- Daniel Sershen, Associate Director, Strategy Unit

## APPENDIX B. THE GMDT PILOT PROCESS

This appendix provides additional detail about the monitoring & evaluation component of the GMDT pilot process.

### Project Timeline

The GMDT pilot began in late November 2013 with a design phase. Simultaneously, each pilot program wrote a proposal for how it would carry out the pilot. The actual pilot phase and related monitoring and evaluation was launched with a kickoff meeting in January 2014 and ended with three days of meetings in October 2014. Finally, the last phase was dedicated to writing this report of key findings and recommendations to improve the GMDT proposals.

### Design Phase (November 2013 – January 2014)

Given the experimental and emergent nature of the pilot process, the monitoring team adopted a developmental approach to monitoring and evaluation. Developmental evaluation is ideally suited to evaluating complex and emergent situations that involve collaboration among multiple and diverse stakeholders, testing new ideas or approaches, the adaptation of processes, and uncertainty about outcomes. Unlike other approaches based on measurement and assessment, it is guided by a learning framework that sets the direction for project development. The monitoring team and pilot programs jointly developed the learning framework for the pilot project in two stages: first, the monitoring team articulated goals, challenges, critical success factors, and key learning questions for monitoring and evaluating the pilot project as a whole,<sup>8</sup> while each pilot program articulated its own, program-specific goals, approaches, criteria, challenges, and opportunities. The monitoring team and pilot programs then jointly validated the learning framework at the kickoff meeting and began to integrate the individual pilot programs' proposals into the framework. Given the diversity of the programs and their proposals, it was important to develop and agree on a common language for sharing and drawing out what the group was collectively learning.

The following three tables summarize the goals, challenges, critical success factors, and key learning questions for the monitoring and evaluation component of the pilot, as articulated by the monitoring team during the design phase:

### Table 2. Goals

#### Primary Goals

- I. To track the outcomes of the pilot experiments in each program systematically.
- II. To reflect upon those outcomes throughout the year in order to adjust both pilot experiments and related monitoring processes.
- III. To aggregate and make sense of the collective results of the pilot experiments in order to validate and/or improve the GMDT's proposals and provide a final list of recommendations on grant-making transformation to the president of OSF.

#### Secondary Goals

- IV. To contribute to creating new relationships and building trust among pilot participants and between pilot participants and the monitoring team.
- V. To apply the lessons learned by modifying elements of the GMDT proposals throughout the year.

<sup>8</sup> The core monitoring team also developed a *Learning Framework* and set of *Learning Questions* to evaluate the pilots monitoring and evaluation project. See Section V of this report for details.



### Table 3. Challenges & Success Factors

#### Challenges

- Diversity of participating pilot programs. The design of the pilot took into account each program's unique characteristics: size, maturity (new vs. established), focus (thematic vs. geographic), staff experience (new vs. experienced grant makers), leadership (new to vs. tenured within OSF).
- Number and intensity of other changes happening simultaneously in the organization.
- "Piloting" proposals that are being rolled out to the rest of the organization simultaneously.

#### Critical Success Factors

- Using and applying staff feedback.
- Ensuring access to and engagement with the president of OSF throughout the process.
- Ensuring clear, consistent, and comprehensive messaging not just to pilot programs, but to all staff.

### Table 4. Learning Questions

Given that the ultimate aim of the GMDT's recommendations was to stimulate a significant culture change in how we do our work as grant makers and remain accountable to our grantees, colleagues, and the leadership of the organization:

1. Are the changes in practice tested in the pilot producing the intended changes for OSF in terms of
  - a. grant-making and decision-making practices?
  - b. behaviors (e.g., enhanced responsibility and accountability at the program and individual level; pluralism, informed/responsible risk-taking, innovation, and creativity; nimbleness, adaptability, and flexibility; use of data and technology)?
  - c. relationships between directors and program staff, among program staff, between grant makers and leadership, and between grant makers and grantees?
2. Are the components around which the GMDT made recommendations the right "levers" to achieve the intended changes for OSF? Are they sufficient?
3. Do the benefits outweigh the costs? Are the new processes deemed by the various stakeholders to have improved on the status quo and be worth the effort required to implement them?
4. Is staff receiving the necessary training, guidance, and tools to make the GMDT recommendations work?
5. What unintended consequences have resulted from the implementation of the GMDT recommendations?

### Kickoff Meeting (January 27-28, 2014, New York)

The kickoff meeting had three main objectives:

- To validate the learning framework and process and jointly agree on how each program would adopt and adapt the framework.
- To orient pilot programs to the monitoring approach and some of the tools and practices that would support the pilot work.
- To build a learning community based on collegial relationships and trust.

During the meeting, each pilot program translated its original proposal into the first draft of a learning contract and tracker. This tool, though later abandoned, initially provided a common format to describe

what and how each program would try to learn, as well as a means of capturing that learning. A common format was used to facilitate the exchange of information between programs and to help the monitoring team analyze and consolidate inputs from all pilot programs. Each learning contract included an initial list of questions that each program would focus on and a set of related hypotheses that revealed the assumptions and expectations behind each question. Learning trackers identified short- and long-term learning and evaluation opportunities. The learning contracts and trackers were thus intended to function as living documents to be updated regularly over the course of the pilot in order to accommodate new questions, hypotheses, learning opportunities, and insights.

At the kickoff meeting, pilot programs also practiced using Before Action Reviews (BARs) and After Action Reviews (AARs).<sup>9</sup> These reflective tools were introduced to give pilot programs a means of preparing for and learning from the opportunities identified in their learning trackers, and proved particularly useful during the preparation for and follow up to portfolio reviews and peer reviews.

### **The Pilot Phase (February – September 2014)**

Given the pilot's developmental approach, the monitoring design envisioned pilot programs cycling through three phases of work multiple times throughout the year: each program would experiment with implementing the GMDT proposals as outlined in its pilot proposal, capture the results of and its reflections on this implementation in its learning contract and tracker, and reconvene with all other pilot programs during periodic monitoring and reflection events to share its individual experiences. Reflections and learning would, in turn, inform the continuing implementation of the GMDT proposals. Initially, the monitoring and reflection events were planned as follows:

#### *Monthly calls with points of contact to*

- provide support to pilot programs on questions emerging from the implementation of the pilot experiments;
- reflect, learn, identify patterns, generate insights, and adjust piloting at regular intervals; and
- ensure regular engagement and communications between the monitoring team and pilot programs.

Before each call, the external consultant facilitated a preparatory call with each point of contact and, in some cases, other program staff, to review the status of each pilot, surface insights and challenges, and identify topics for the monthly call.

#### *Quarterly calls with pilot program representatives to*

- provide programs with the opportunity to share what they were learning and how they were adjusting the implementation of their pilots;
- link individual pilot experiences to each other and to the broader monitoring and evaluation process; and
- document insights, challenges, and emergent practices in the implementation of the transformation efforts.

With the help of the external consultant, pilot programs updated their learning contracts and trackers before and after each call. The monitoring team documented the conversation, highlighting in particular what worked and what could be improved in the GMDT proposals. The original monitoring and evaluation plan accounted for three quarterly calls, in March, June, and September.

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<sup>9</sup> These techniques were originally developed by the National Training Center of the U.S. Military to learn in real-time while doing work. See: *Learning in the Thick of It*, M. Darling, C. Parry, J. Moore, Harvard Business Review – July-August 2005.

In addition to the planned monthly and quarterly calls, pilot programs could schedule calls with the monitoring team at any time to report back on important findings, address issues that might have emerged from the process, or simply ask for advice and support. The monitoring team also met regularly to design, prepare for, and reflect on the progress and findings of the pilot and adjust the course of its monitoring and evaluation plan as needed.

### **Pilot Phase: Key Developmental Moments**

The monitoring team adopted a developmental approach that would allow pilot programs to experiment, reflect, learn, and adjust continuously in order to ensure that the way in which they implemented the new processes best suited their needs and interests. The monitoring team sought to support and facilitate real-time learning among pilot participants in two key ways. First, it watched for key developmental moments: "... instances when the project [...] [shifted] or [moved] forward in some significant way; moments of clarity, strategic insight, serendipity, connections, and/or movement."<sup>10</sup> Second, the team was able to intervene quickly to take advantage of a sudden opportunity or to provide support if participants got stuck.

During the pilot phase, there were three key developmental moments. The first occurred during the first quarterly call on April 4. It was triggered by a series of insights about how eligibility assessments were impacting the role of the grant maker at OSF and the relationship between grant makers and grantees. As a result of the discussion, the monitoring team organized a conversation between pilot program representatives and Chris Stone. This discussion resulted in a better understanding among staff of the role, rationale, and thinking behind eligibility assessments that led to important changes to the process.

The second developmental moment occurred during the June monitoring team call and led to significant changes in the monitoring and evaluation process. It had become clear that pilot programs found it very difficult – and, in some cases, almost impossible – to monitor and learn from their pilot experiments as originally planned because the new processes had significantly slowed down grant making. In response, the monitoring team abandoned the distinction between monthly and quarterly calls and replaced the remaining four calls with theme-based monitoring & reflection calls. Each call was focused on a specific topic: grant-making processes and peer reviews (June), portfolio reviews (July), eligibility assessments (August), and decentralization below the director level (September).

Pilot programs prepared for each call by filling out a brief questionnaire. This change reflects a third key developmental moment. During the May monthly call, pilot points of contact had spoken of the challenges they faced in keeping their learning trackers up to date and relying on them as the sole and comprehensive repositories for their lessons and reflections. Upon further discussion, the group agreed that the trackers were not proving especially useful, and decided to stop using them as the main tool for knowledge capture. The pre-call questionnaires that replaced them were easier for staff to complete, could be shared with all participants prior to each call, and provided substantial issue-specific information. After each call, the monitoring team analyzed and synthesized the questionnaires and discussion to produce a list of insights, challenges, early responses to challenges, and emergent practices. These were grouped into general categories, including process, workload, roles and responsibilities, culture, technology, knowledge management, and management challenges. Pilot programs vetted a refined version of these lists in preparation for the final meetings in October, which provided data-based evidence for this report's recommendations.

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<sup>10</sup> *DE 201: A Practitioner's Guide to Developmental Evaluation*, E. Dozois, M. Langlois, N. Blanchet-Cohen, The J. W. McConnell Family Foundation and the International Institute for Child Rights and Development (2010).

### **Final Meetings (October 15-17, 2014, New York)**

The pilot phase concluded with two in-person meetings at the OSF offices in New York. The first meeting (October 15 and morning of October 16) brought together pilot program representatives and the monitoring team to develop a shared understanding of what had been learned during the pilot phase, gain clarity about areas of agreement and disagreement in the context of the pilot programs' differentiating characteristics, and advance the discussion on new topics that emerged throughout the pilot. The second meeting (afternoon of October 16 and October 17) convened each program's point of contact, non-pilot members of the GMDT, and the monitoring team. The main purpose of this meeting was to share with the non-pilot GMDT members how the processes outlined in their original proposals had evolved, and to gather the perspective of the group – and particularly of its grantee members – on findings from the pilot.

The meeting outcomes were used to validate the recommended adjustments to the GMDT proposals and changes to organizational grant-making culture outlined in section III of this report.

## APPENDIX C. EVALUATING THE GMDT PILOT MONITORING PROCESS

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The following assessment of the GMDT pilot process and, in particular, its monitoring and evaluation component, is based on feedback from pilot program representatives and the direct experience of the core monitoring team. It is based on four broad questions:

- Did we achieve our project goals and was participation in the pilot beneficial?
- Did the evaluation approach and process work?
- How did the project take into account and influence the people/cultural dimension of the pilot programs?
- Should we simply end the project or continue some form of engagement in the coming year?

### **Did we achieve our project goals and was participation in the pilot beneficial?**

The three original goals of the GMDT pilot's monitoring and evaluation project were to:

- Track the outcomes of the pilot experiments in each program systematically;
- Reflect upon those outcomes throughout the year in order to adjust both pilot experiments and related monitoring processes; and
- Aggregate and make sense of the collective results of the pilot experiments in order to validate and/or improve the GMDT proposals and provide a final list of tested recommendations on grant-making transformation to the president of OSF.

Pilot program representatives generally agree that goals two and three were accomplished. In fact, participants attribute most of the success of the project to the ability of the group to collectively reflect upon their experiences and to the continuous effort of the core monitoring team to aggregate and make sense of the information collected along the way. Both sets of activities allowed for an understanding of what was and was not working, and allowed for course correction as needed.

However, pilot participants noted that the final recommendations were based more on the insights mentioned above than on the experience of rigorous experimentation, and thus saw less success in achieving goal one. Abandoning the Learning Contracts and Trackers meant that the programs ended up not tracking their desired outcomes as they were set up to do at the beginning of the project. While there is unanimous agreement that this was a necessary change, some feel that it resulted in a missed opportunity to address bigger questions, such as how to achieve nimbleness and agility, assure quality and good grant design, and encourage the right kind of risk taking and innovation. Pilot participants attribute the inability to systematically track outcomes in each program to two main factors. First, outcome tracking was supposed to be directly linked to grant-making, which was significantly delayed for most programs. Second, and more importantly, the time required to use the initial tools effectively became an obstacle.

Ultimately, pilot programs identified five key benefits from participating in the project:

- The opportunity to engage with colleagues to regularly share grant-making experiences and practices, reflect on them as a group, discuss challenges, and develop insights.
- The opportunity to learn first-hand from colleagues. This was particularly beneficial for a new program such as the Fiscal Governance Program, and for new leadership in older programs.
- The development of new relationships and the strengthening of existing relationships, especially for programs based in the same office, which planted the seed for continuing, informal conversations about program experiences outside of the pilot process.

- The ability to stimulate broader thinking about the GMDT proposals and influence changes based on individual and collective program experiences throughout the year.
- The opportunity to engage with the president and establish an open communication channel with the GMDT core monitoring team, the Strategy Unit, the GMSG, and other central units involved in the transformation efforts.

There were also costs associated with being part of the pilot; including:

- The time commitment, which felt higher than originally anticipated;
- The emergent nature of the work, which did not always provide a clear path forward or sense of closure;
- The fact that – due to the diversity of pilot programs – not all conversations were consistently relevant to and applicable across all programs.

In the end, all programs agree that the benefits of participating in the pilot outweighed the costs. Some feel that the pilot allowed them to experience grant-making transformation from a position of privilege in comparison to other programs that underwent change without being part of the pilot.

### **Did the evaluation approach and process work?**

All pilot programs agree that the developmental and emergent approach to monitoring and evaluating the pilot was what ultimately allowed it to succeed. Several participants also observed that the approach helped create and strengthen a positive attitude toward reflection and learning that will be particularly beneficial to programs interested in prioritizing it in the future.

Support for and understanding of the developmental approach, however, was not always unanimous among pilot programs. At the beginning of the project, some participants found the approach to be lacking in rigor and clarity. In retrospect, however, they attribute their initial skepticism more to their need for answers and reassurance during a time of transition and extensive organizational change than to doubts about the appropriateness of the approach.

Participants do feel that the approach was process-heavy and sometimes struggled with timing and assignment deadlines. For example, both a monthly and a quarterly meeting once occurred during the same week; the final October meetings were scheduled during a peak in grant-making activities; and training on a new feature of Foundation Connect occurred before it even became available.

Finally, while mid-course corrections were appreciated, they also caused some frustrations. This was especially true when they involved abandoning work that had already been started or completed, such as the initial articulation of Framing Questions, the use of Learning Contracts and Trackers, and the baseline questionnaire on grant-making practices that was not revisited at the end of the project.

### **How did the project take into account and influence the people/cultural dimension of the pilots?**

Pilot participants feel that the monitoring team did a very good job designing and facilitating a process that allowed all programs to capitalize on their diversity, and created conditions that brought everyone's best thinking to the table. Pilot program representatives were engaged and felt empowered by their participation in the process to communicate back to colleagues. However, larger pilot programs wish they had been able to include more program staff in the pilot. Several pilot programs also mentioned the missed opportunity to involve other non-pilot programs in some of the conversations.

While the diversity of participating programs was generally seen as a strength, it occasionally impeded programs' ability to fully contribute to and benefit from the pilot. For example, since FGP was a new

program and the grant-making staff did not make any grants until later in the year, they mostly listened and learned rather than actively contributing to the conversation. In addition, the collective discussion of certain narrower issues felt frustrating to those for whom it did not apply. In the end, good relationships, positive group dynamics, and the sense of community that developed throughout the process helped manage these challenges.

Finally, pilot participants valued the role played by the external consultant in supporting the design and facilitation of the process. They appreciated his flexibility, his ability to quickly develop and deepen his understanding of OSF's complex institutional context, and the value of one-on-one conversations to prepare for group meetings. In addition, some welcomed the opportunity to learn new tools and frameworks that they will continue to use beyond the pilot project.

According to participants, similar efforts in the future would benefit from a more careful assessment of demands on participants' time as well as attention to lightening the burden of the process on them. They should also include more face-to-face time and in-person meeting opportunities with the consultant, particularly in the early stages of the process.

### **Should we simply end the project or continue some form of engagement in the coming year?**

All pilot programs acknowledge that one of the main accomplishments of the GMDT pilot process was to establish a community of grant makers engaged in serious reflection on the benefits and costs of implementing new processes, and collectively dedicated to realizing those benefits and containing the costs. Pilot program teams identified three possible ways to build upon this achievement as OSF continues on its transformation path:

- Continue to occasionally convene the original pilot group.
- Host annual/semi-annual meetings to continue to discuss how programs are implementing new grant-making processes. Participation would initially be limited to the original pilot group, but later extended to include other programs in the network on a rotating basis.
- Establish small working groups to think through what they want to achieve in their grant making, as is consistent with the direction of the overall organization. Creating groups in the same time zone will facilitate joint reflection and learning.

Pilot program representatives noted that participation by other programs in the network should be optional and take into account factors that would increase programs' opportunities to contribute to the collective learning experience. These factors include programs' focus on learning, alignment of individual programs' learning goals with working group goals, programs' desire to participate, and a clear understanding of time commitment.