

## A Roadmap for Designing Effective Grants Programs

Grants are one of the most effective and common mechanisms donors and implementers use to help local non-governmental organizations (NGOs) achieve program objectives. A well-designed and well-executed grants program can be more than a way to distribute money. Indeed, it can be a powerful, strategic tool to achieve sustainable programmatic results.

Grants represent a partnership between the grant maker and the grantee, with the grant maker responsible for clearly defining and communicating its objectives and selecting the “right” grantees, and the grantees, in turn, responsible for using funds efficiently and implementing agreed-upon activities to the best of their abilities. To use grants effectively to achieve strategic results, all aspects of the grants program—from identifying the issue and assessing the context, to profiling prospective grantees, to determining grant size and duration, to selecting and awarding, to monitoring grants—would best be designed with the desired outcome in mind.

While some private grant makers regularly award grants on a non-competitive basis, and both USAID and its implementers occasionally award unsolicited grants, this paper focuses on designing competitive grants programs, in keeping with USAID’s best practices. While there are numerous other decisions grant makers face, including which solicitation mechanism—RFA, APS and RFP—to use and whether a competitive grants program should be open to all NGOs or limited to a closed universe (such as members of a particular sector or network), what follows is a basic roadmap for designing a competitive grants program.

### Step 1: Assess the Context

Beware of designing grants programs in a vacuum. While there may be general agreement about the nature of the issue you want to address, more detailed research or assessment may be valuable to test your assumptions and more fully understand the environment in which you intend to invest.

There are many ways to conduct assessments and gather needed information about the context in which grantees will be operating. Information can be gathered several ways, including:

- Distributing questionnaires;
- Conducting focus-group meetings with key stakeholders;
- Interviewing relevant stakeholders, including potential grantees; and
- Reviewing any research conducted and papers published by local NGOs others.

Depending on the time and resources available, combining face-to-face meetings with desk research will enable you to learn most of what you need to know.

Regardless of the way you gather information, your assessment should answer the following questions:

- What are the needs and capacities of the potential target group?
- What similar programs currently exist?

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- How feasible is the proposed approach?
- Who are the key players (including government, civil society, business and other donors) on this issue?
- Are there legislative impediments to achieving the objectives or to running a grants program on the country?
- Are there existing initiatives or models that can be built upon, or are there greater potential benefits from developing new models?

### Ways to Include NGOs in the Assessment and Program Design Process

Including local NGOs in the process of assessing and designing a program can help make a grant program more relevant and targeted by reflecting the circumstances and capacity on the ground, thereby increasing its potential impact. To get a fuller picture of the landscape or context surrounding the program's target issue, you can:

**Survey** a range of stakeholders and NGOs (e.g., large and small, advocacy and service-providing, capitol- and province-based) with differing opinions and perspectives.

**Involve** one local NGO more heavily in the program design process by hiring it to conduct the assessment or participate as a member on the assessment team that is making concrete program recommendations. Engaging a local NGO in program design can bring surprising insights along with greater understanding of the situation and players. However, be aware of any potential biases the NGO may have in terms of program approach or potential partners. Special consideration must also be given as to whether an NGO so heavily involved in program design should be allowed to apply for grants under the resultant program, or whether it should be excluded to avoid any conflict of interest. Any restrictions on future involvement in the program should be clearly delineated up front.

**Solicit** comments on the draft of the program or RFA, either online or through a public meeting. Sharing the draft allows NGOs an opportunity to highlight issues that are not clear or may present difficulties, and provides another opportunity to review program plans to ensure that they are best framed to reach anticipated results. In order to avoid any appearance of bias or giving a subset of potential applicants an unfair advantage, such documents or minutes from public meetings should be made available publicly.

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### Step 2: Identify Goals and Results

Use your research findings to pinpoint the goals and results you want to achieve overall. In addition, clarify:

- The expected results of individual grants; and
- If and how grants will complement one another and/or influence other program activities.

### Step 3: Develop a Profile of Prospective Grantees

Once the assessment is completed and the program's goals are articulated, determine the kinds of organizations most suitable for funding. For example, in order to achieve program objectives, consider whether the "ideal grantees" will be:

- Large organizations with national-level programs and constituencies, or smaller organizations working at the grassroots level;
- Organizations that specialize in advocacy or service provision;

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- Organizations that have a history of working with USAID and/or other donors or ones that are new to foreign assistance; and
- Organizations that have worked on the target issue before or organizations that have a solid track record on other relevant issues.

**Note:** While this paper focuses on grant programs aimed at NGOs, it is also important to note that they may not be the only suitable grantees. In some cases, universities, media entities or other businesses may be better positioned to accomplish program objectives.

By developing an “ideal grantee profile,” the grant maker can:

- Ensure there are local organizations that have sufficient capacity to achieve the program objectives;
- Gear other aspects of the program (application format, size of grant, duration of grant, etc.) to the target grantee profile; and
- Inform NGOs that fit the profile about the program and inform them about the opportunity to apply.

### Step 4: Articulate Programmatic Details

The following programmatic details, which are also an important part of any solicitation document, should flow logically from the goals of the program and grantee profiles:

- Overall amount of funding available for grants;
- Number, size and estimated duration of individual grants to be awarded;
- Types of activities and expenses that will be supported, as well as those expressly prohibited (e.g., research, training, equipment, salaries, etc.); and
- Level of grantee contribution or cost share required (if any).

All of the above decisions should support the achievement of the programmatic goals and be in line with the capacity of target grantees. For example, if a grants program is going to support national-level advocacy organizations in their efforts to promote policy change related to maternal and child health, grant periods of performance and funding should be sufficient for undertaking advocacy efforts. In this instance, it may be that only a few grants should be awarded and that salary support will be an important component of the grants. Alternatively, if the program’s goal is to disseminate information about a newly passed law countrywide, the program may award a larger number of shorter, smaller grants, and salary support may not be necessary.

A cautionary note: There are dangers in both underfunding and overfunding grantees. While underfunding is likely to undercut a grantee’s ability to achieve all the project objectives, overfunding is likely to result in wasted or unspent funds at the end of the grant period, and may hinder efforts to promote project sustainability, as grantees may have less incentive to look for alternative support. Therefore, the importance of accurately determining an appropriate grant size cannot be overemphasized.

### Step 5: Determine How to Solicit, Select Grantees and Award Grants

The final step in the design phase of a grants program is determining how to solicit, select and award grants. *NGO Tips # 8, Identifying Grantees That Deliver Results*, explores both the process and criteria for selecting grantees in greater detail. Therefore, the following is only a brief list of questions that need to be addressed at this stage of program design.

- How will proposals be solicited? Will an RFA, APS or RFP be issued? (For more information on the impact of these various mechanisms on grants

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programs, see *NGO Tips #7, Solicitation Mechanisms and their Impact on Program Design and Outcomes.*)

- Will the solicitation be open to all NGOs that meet the eligibility criteria or will applications be invited from a closed group of organizations?
- What will the deadlines be for submitting proposals? Will there only be one deadline or rolling deadlines?
- If there are multiple deadlines, how will grant funds be divided among the different rounds? Related to this, be sure to think realistically about when grants can be awarded based on the deadline(s) and, therefore, how long grant projects can run.
- How will the application process be structured? Will there be a set application form or simply general guidelines for applicants to follow? While a set application form may stifle creativity, it may also make it easier to compare applications.
- Will a full proposal be requested immediately or a brief concept paper? If a concept paper is requested, full appli-

cations can then be requested from the most promising applicants. While this process will take longer up front, it will save the time of applicants who are not on the right track and allow the grant maker to work more closely with promising applicants.

- Who will select grantees? What criteria will be used to evaluate applicants?
- Will potential grantees need to fill out management questionnaires and/or pass pre-awards audits or site visits? How will the grant management process be structured after grants are awarded (reporting, monitoring, financial audits, etc.)?

Once all of the above issues are thoroughly addressed, it should be relatively simple to prepare a solicitation for proposals that clearly communicates all of the program expectations and requirements to potential bidders. Detailed planning of a grants program can help avoid unanticipated problems down the road and increase the chances of achieving real impact.

## NGOTips

### For more information:

This NGO Tips brief is available online at [www.NGOConnect.NET](http://www.NGOConnect.NET). This dynamic and interactive site is dedicated to connecting and strengthening non-governmental organizations (NGOs), networks, and support organizations worldwide.

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