Assessing funder performance is challenging, and a range of data resources is required. The Grantee Perception Report (GPR) provides one set of perspectives that can be useful in understanding philanthropic funder performance over time and should be interpreted in light of the Democracy Fund’s (also referred to as “the Fund”) particular goals and strategy. The survey covers many areas in which grantees’ perceptions might be useful to the Fund. The Fund should place emphasis on the areas covered according to your specific priorities. Low ratings in an area that is not core to strategy may not be concerning.

Overview:
- The Democracy Fund receives higher than typical ratings for its expertise and advancement of knowledge, but grantees indicate room for the Fund to increase its impact.
- Fund grantees rate the Fund’s impact on their organizations similarly to grantees at the typical funder, and rate the Fund’s understanding of their organizations’ strategies and goals higher than grantees at the typical foundation.
- Fund grantees rate their funder-grantee relationship similarly to grantees at the typical funder.
- The Fund’s proposal/selection and reporting/evaluation processes are viewed as more helpful than those at the typical funder.
- Fund grantees receive more intensive forms of non-monetary assistance than do grantees at the typical foundation, and indicate opportunities to expand and refine current assistance activities.

Strong Expertise and Advancement of Knowledge, with High Potential for Impact
- Democracy Fund grantees rate the Fund more positively than over seventy-five percent of other funders for its understanding of and advancement of knowledge in grantees’ fields of work.
- In contrast, grantees rate the Fund’s impact on their fields and on public policy similarly to grantees of the typical funder in CEP’s dataset.
• Reflecting the Fund’s recent history, 79% of Fund grantees are first-time grantees, compared to just 29% at the typical funder.
  o Several grantees comment that it may be too early to discern the implications of the Fund’s impact on the field.
• Given the strong positive feedback regarding the Fund’s advancement of knowledge and potential for impact, the Democracy Fund should continue to build on its expertise to seek high-impact results with its grantees.

“The potential for impact is very high. Too soon to evaluate.”

“It seems a little early and difficult to make these judgments [about impact].”

“Our area of work...seems like a relatively new interest of the Fund.”

“DF’s support is making it possible to see how we can bridge the gap between a start-up reform idea in our [community] to successfully replicating that idea in other states. Once we cross that bridge, the impact on the field will be significant.”

Strong Understanding of Grantees, with Opportunity to Increase Impact on Grantee Organizations

• Grantees at the Democracy Fund rate the Fund’s understanding of their organizations’ strategies and goals more positively than do grantees at the typical foundation.
• However, the Fund receives similar ratings compared to the typical funder for its impact on grantees’ organizations.
• CEP’s field-wide research suggests that the specific combination of large, multi-year, general operating support grants is related to more positive perceptions of a foundation’s impact on grantees’ organizations.
  o The Fund’s grants are, on average, larger than those of the typical funder ($300K versus $60K at the typical funder)
  o A higher than typical proportion of Fund grantees receives general operating support (32% versus 20% at the typical funder).
  o However, the average Fund grant is shorter than the typical funder’s (1.7 years, compared to 2.1 years).
• This suggests an opportunity for the Fund to enhance its impact by providing longer, multi-year grants while continuing to offer large, general operating support grants.
Mixed Perceptions of Interactions with the Fund

- Overall, the Democracy Fund receives similar ratings to the typical funder in terms of its grantee-funder relationships.
- Specifically, grantees rate the Fund more positively than typical for both the responsiveness of staff, as well as the fairness with which they were treated.

Still, grantees rate the Fund less positively than typical for how comfortable they feel approaching the Fund if a problem arises.

  - One grantee indicated discomfort with the Fund’s emphasis on tailoring programs to fit into the Fund’s broader mission, writing, “The Fund is very focused on seeing program design tailored to fit its objectives, which is not always the most pleasant experience.”
  - Perhaps related, as described below, Fund grantees also report a higher than typical level of pressure to modify their organizational priorities in order to receive funding.

- Given this mixed feedback on interactions, the Democracy Fund should continue to support responsiveness to and fair treatment of grantees by Fund staff and should consider options for lessening grantees’ discomfort approaching the Fund about issues with their funding.

Helpful Processes, but High Levels of Pressure felt by Grantees

- Compared to grantees at the typical funder, Democracy Fund grantees have more positive perceptions of the helpfulness of both the proposal/selection process and the reporting/evaluation process.
- Although they find the processes helpful, Fund grantees report spending, on average, 65 hours on administrative requirements over the grant lifetime—more than double that spent by grantees at the typical funder.
Selection Process:

- Grantees rate the helpfulness of the Democracy Fund selection process higher than ninety-five percent of funders in CEP’s comparative dataset.
  - Grantees indicate that Fund staff are more involved in the development of their proposals than typical.
    - Grantees describe staff as “extremely knowledgeable,” “thorough,” and “ideal partner[s] in developing the idea for this project.”
  - However, grantees report feeling a higher than typical amount of pressure to modify their organizational priorities in order to receive funding—higher than the grantees of nearly all other funders in CEP’s dataset.

Reporting and Evaluation Process:

- Only 7 of the 25 grantees surveyed report that they have participated in the reporting/evaluation process, but these grantees rate the helpfulness of the Fund’s reporting and evaluation processes more positively than typical.
  - 6 of the 7 grantees that participated in the process indicated that they discussed their report/evaluation with the Fund after submission—a practice CEP research finds is associated with higher ratings for the helpfulness of the reporting/evaluation process field-wide.
  - All 25 grantees report that, at some point during the application or grant period, they exchanged ideas with the Fund about how they would assess the results of their work.

- **Given the combination of grantees’ perceptions of high levels of pressure to change their organizational goals and low levels of comfort approaching the Fund if a problem arises, the Democracy Fund should seek opportunities to mitigate the pressure felt by grantees and promote candid discussion of challenges so that power dynamics do not harm the Fund’s ongoing relationships and/or its ability to accurately assess programs.**
- **The Fund should continue to engage grantees in discussions about their report/evaluation in ways that help strengthen grantees’ organizations and programs.**
- **Given how time-consuming the grant process is, the Fund should evaluate ways to streamline their administrative processes while maintaining their most helpful components.**

“The Democracy Fund process was thorough. Most helpful was the feedback from the staff on the proposal.”

“The Democracy Fund is very metric oriented, which is new for our organization. It makes us work and think in different ways—which isn’t a bad thing. It’s just different.”

“DF demands quite a lot of up-front investment—more than most and obviously with no support—and then works hard to make grantees very accountable for every dollar of the grant, and provides minimal overhead...I am not sure that all of the due diligence on the front end was really necessary...I am not sure it really achieves all that much for the Foundation while imposing significant costs on the grantee.”
Strong Patterns of Non-Monetary Assistance

- Compared to the typical funder, the Democracy Fund provides a higher than typical proportion of its grantees with intensive patterns of what CEP describes as “comprehensive” and “field-focused” non-monetary assistance.
  - These patterns of assistance, which comprise the provision of at least three field-focused activities or seven or more assistance activities over the course of the grant, were reported by 40% of Fund grantees, compared to 14% of grantees at the average funder.
  - CEP’s research indicates that grantees who receive these intensive patterns of assistance have more positive experiences across numerous dimensions compared to grantees who receive little or no non-monetary support. Indeed, Fund grantees who received field-focused or comprehensive assistance report more positive perceptions of the Fund’s impact on and understanding of their organizations.
- There may be opportunities to build on and expand beyond the Fund’s current non-monetary offerings. In particular, grantees cite a desire to interact and collaborate more with their peers.
  - Although 92% of grantees find the Fund’s quarterly meetings/calls useful, 75% expressed interest in exploring alternatives to collaborate and communicate with peers outside of these meetings.
  - 50% of grantees want the Fund to help facilitate more collaboration with peers, and 41% desire increased information from the Fund about opportunities to work with and learn more about other grantees.
- Based on the positive impact of its intensive non-monetary support thus far, the Democracy Fund should continue to offer high levels of non-monetary support to its grantees and consider increasing opportunities for its grantees to collaborate and communicate with peer organizations.

“*This is the most thoughtful grant organization we have ever worked with…Most notable is their interest in creating a community of grantees, their commitment to bringing us together regularly. It is all very impressive and has given me and my organization new hope for the future and what we can accomplish with the Fund’s support.”*

“*The Democracy Fund welcom[ed] us in to a network of grantees and introduc[ed] us to other funders. The Fund had made it clear that they want us to succeed and has provided the benefits of these networks.”*

Recommendations

Based on its grantee feedback, CEP recommends that the Democracy Fund consider the following in order to build on its strengths and address potential opportunities for improvement:

- The Democracy Fund should continue to build on its strong base of knowledge in its grantees’ fields and consider ways to increase its impact in key areas.
- CEP research has found that large, multi-year, general operating support grants are associated with the highest levels of impact on grantee organizations. Although the Fund provides large,
general operating support grants, its grants are shorter than those at the typical funder. The Fund should therefore consider increasing the length of its grants as a means of increasing its impact on grantee organizations.

- Although grantees rate Fund staff positively for their responsiveness and fairness of treatment, the Fund should seek ways to make grantees feel more comfortable approaching staff when problems arise in their work.
- The Fund should consider opportunities to ameliorate the pressure grantees feel to alter their proposals to fit the Fund’s guidelines.
- The Fund should seek to streamline the selection and reporting/evaluation processes to reduce the relatively high amount of time grantees spend on funder requirements, while preserving the most helpful aspects of these processes.
- Based on feedback from grantees, the Fund should maintain its high levels of non-monetary support and consider expanding opportunities for grantees to communicate and collaborate with peer organizations.

**Methodology**

The Center for Effective Philanthropy (CEP) surveyed 30 grantees of the Democracy Fund during May and June of 2014. CEP received 25 completed responses for an 83 percent response rate.

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