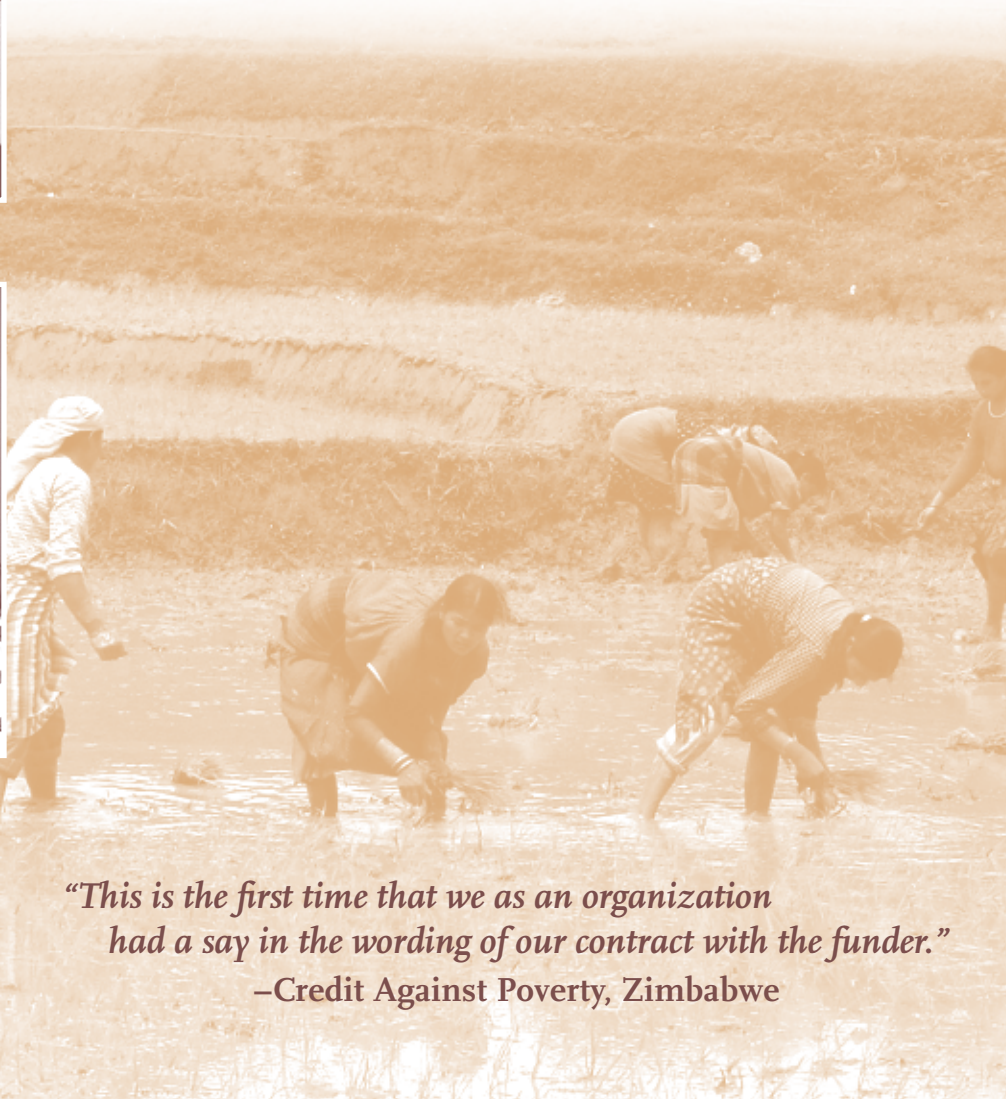


# CHANGING *the* POWER DYNAMIC



*An Analysis of IDEX's Partnership Model  
of International Grantmaking*



*"This is the first time that we as an organization  
had a say in the wording of our contract with the funder."  
—Credit Against Poverty, Zimbabwe*

*“People need to feel that they have the power to solve their own problems, otherwise they lose hope just waiting for the next handout to come. We base our work in mutual problem-solving with community members, in building their capacity to fend for themselves by working together.”*

– DESMI, Chiapas, Mexico

## Background

What is the most effective way to overcome poverty throughout the world? Powerful international development institutions, such as the World Bank, have established a methodology in which those who control the money make virtually all such decisions. Similarly, most non-governmental organizations and private funders who support economic development initiatives set their grantmaking strategies internally, often with limited input from those they aim to support.

In recent years, there has been a growing movement on the part of individual funders and grantmaking organizations in the global North to incorporate a more democratic approach in their work. The establishment of grassroots movements, self-help groups, community-based organizations and collectives in the global South has complemented this effort, enabling communities to participate in their own development process. Local, national, and international alliances enable grassroots organizations around the world to better influence policy, secure resources, and share solutions to the pressing issues of extreme poverty, women's disempowerment and exploitation, misuse of land and resources, and degradation of the environment.

A number of international grantmakers have established democratic relationships with their grantees in an attempt to create more equitable and efficient solutions to these problems. While their approaches vary by organization, most recognize and affirm the value of indigenous community knowledge, and incorporate these insights into their development priorities.

For over 20 years, International Development Exchange (IDEX) has supported community-based development initiatives in Asia, Africa and Latin America. Throughout its existence, IDEX has attempted to minimize traditional power imbalances, and strike a balance between mutual trust and accountability in its relationships with partners in the South. Despite these efforts, a number of questions remain unanswered: Is this ideal being achieved? What progress has been made towards the goal of democratizing development? What do democratic partnerships look like? And, what are the benefits and drawbacks for both the grantor and grantee of such an approach?

With the help of a grant from the Ford Foundation, IDEX's partners were asked to evaluate its performance as a funding organization. The partners reviewed how successful IDEX is in promoting democratic participation, and considered what improvements were necessary. This unique involvement in the evaluation resulted in some changes to IDEX's partnership model. This report summarizes IDEX's partnership model, provides an overview of the Ford Foundation-sponsored review, and presents the outcomes and resulting changes to IDEX's practices. It is intended for individuals and organizations interested in sharing in the lessons learned, with the ultimate goal of encouraging others to adopt more democratic models of grantmaking.

## Summary

In 2003, IDEX was awarded a grant by the Ford Foundation to evaluate its model of democratic partnerships. *Changing the Power Dynamic* summarizes the methodology and principles of IDEX's model, provides an overview of the Ford-sponsored review, and details some changes to the model that resulted from this process.

IDEX asked its partners to evaluate the efficacy of its approach. The evaluation yielded positive feedback. Specifically, partners identified the following as effective elements of the model:

- Equal involvement in decisions and discussions
- Grants come without an imposed agenda
- High level of freedom to allocate funds as they see fit
- Monitoring and evaluation is carried out democratically

IDEX partners identified some areas for improvement, including:

- Representatives on the Board of Directors were appointed, not nominated
- Partner selection criteria did not reflect regional conditions
- More effort was needed on alliance building
- No system existed to gather consensus opinions and views among regional partners

As part of the evaluation, IDEX researched and interviewed a number of other U.S.-based funders who are incorporating democratic elements into their grantmaking. These interviews, combined with the partners' feedback, led to the formation of a set of nine principles for maintaining a democratic partnership.

### Practices of Democratic Grantmaking

1. Partners are inclusive of and responsive to the marginalized communities that their projects benefit.
2. Funders and partners negotiate an agreement that clearly delineates the responsibilities of each party in a signed contract.
3. As part of this contract, both parties make a long-term commitment to the partnership.
4. Partners determine the priorities of their work and express them to the funders.
5. Partners have a platform to participate in key decisions about the funders work.
6. Funders and partners maintain open channels of communication, leading to mutual accountability and transparency.
7. Funders facilitate opportunities for collaboration among partners and in coalition building activities.
8. Funders recognize that diverse constituencies require different approaches.
9. Long-term partners participate in the selection of new partners.

### How IDEX Defines "Partner"

IDEX enters into long-term contractual agreements with its partners (grassroots organizations in Africa, Asia, and Latin America). These partnerships are built upon the democratic principles of accountability, equality, transparency, and collaboration. As part of the partnership agreement, IDEX raises and distributes funds to the partners, provides access to like-minded groups and other potential funders, and educates the public in the U.S. about the partners' work. In addition, partners are involved in all levels of IDEX's decision-making, and are represented on IDEX's Board of Directors.

*IDEX implemented a number of changes to the partnership model as a direct result of the review, highlighted by the establishment of a Catalyst Grant process, in which existing partners actively participate in the selection of new partners.*

*IDEX's mission is to promote economic empowerment and social change in Africa, Asia and Latin America. IDEX partners with community-based organizations to support their initiatives by providing grants, fostering regional and international alliances, and engaging U.S.-based constituencies.*

## The IDEX Partnership Model

Since 1985, IDEX has supported more than 500 self-help community projects in 26 countries in Africa, Asia, and Latin America. The San Francisco-based non-profit organization establishes long-term partnerships with grassroots groups that are working to overcome the effects of extreme poverty on their communities. Local non-governmental organizations implement programs that are critical to improving the economic and social conditions within their regions.

Examples of IDEX partners' work include:

- Food Security
- Fair Trade
- Indigenous People's Rights
- Microcredit
- Sustainable Agriculture
- Women's Empowerment
- Youth Action and Education

IDEX's partnerships with these groups are based on the understanding that local organizations and the communities in which they are rooted know the best solutions to the problems they face. To that end, IDEX supports its partners in three ways:

**Grantmaking:** IDEX raises and distributes at least \$39,000 in grants over three years to each partner. The three-year partnerships are renewable, pending mutual agreement. Since fundamental change at the community level is gradual, long-term funding ensures the success of a partner's work. Since 1985, IDEX has raised and distributed over \$2.8 million to community-based organizations throughout the world.

**Alliance Building:** IDEX provides its partners access to each other through regular regional meetings. In addition, partners are given access to U.S. media, policymakers, activist groups, funders, and sources of relevant information. By facilitating the exchange of ideas and best practices among partners addressing similar issues, IDEX provides partners the opportunity to learn from groups in other parts of the world who are engaged in similar struggles.

**U.S. Public Education:** IDEX brings the voices of its partners and their communities to the U.S. public through conference presentations, community events, speaking tours, newsletters, e-mail updates and inclusion on IDEX's website. Each partner is invited to the U.S. at least once during the course of the partnership to meet with relevant groups and individuals. Since its inception, IDEX has made it a top priority to educate and engage the U.S. public about the effective work of its partners to overcome the challenges facing their communities.



## Principles of the IDEX Partnership Model

At its core, the IDEX partnership model is built around the democratic principles of mutual accountability, equality, transparency, and collaboration. These principles are the foundation of all partnership negotiations and agreements. Specifically, these principles are incorporated in the following ways:

### Accountability

To achieve mutual accountability and joint responsibility, the parameters for each partnership are determined by a negotiation process resulting in a signed agreement, which clearly defines the expectations and responsibilities of both IDEX and the partner organization. The contract establishes both fiscal and non-fiscal goals, regular reporting and communication schedules, and shared evaluation criteria. Both IDEX and its partners agree to maintain a partnership for three years. If the partnership is successful, then it can be renewed for subsequent three-year terms. This allows the partners an appropriate amount of time to focus on their programs and less on fundraising.

### Equality

Partners nominate one representative to IDEX's Board of Directors from each region. This gives partners in all regions a forum in which they may influence IDEX's direction and priorities. Board representation allows for equitable participation in decisions, and minimizes power imbalances. IDEX also solicits and utilizes input from partner organizations to establish clear partner selection criteria and nomination procedures, to allow current partners to participate in the selection process of future partners through a Catalyst Grant process, detailed on page 7 of this report.

### Transparency

IDEX strives to keep an open flow of information with its partners, sharing sources of funding, details of funding applications, organizational and project budgets, and year-end accounting documents. To maintain financial transparency, partners propose how partnership grants are to be allocated, based on their needs, not IDEX's agenda. IDEX reviews the partner's proposal for a project and provides feedback. Any modifications to the proposal are then agreed upon jointly.

### Collaboration

IDEX selects partners that include their community members in their own decision-making process. Similarly, IDEX involves partners through representation on the IDEX Board, inclusion of community voices in IDEX publications and presentations, and visits by partner representatives to the U.S. IDEX works with each partner to determine the most effective way to support their work. Non-fiscal support often goes beyond the terms of the partnership agreement, and can include technical research, policy work, and contact with U.S. funders and non-governmental organizations working on similar issues.

*"IDEX grants are quite useful in that they enable us to be flexible and resourceful in our program activities..."*

– SATU, Bangladesh

## Lessons Learned

### What Is Successful

- Equal involvement in decisions and discussions
- Grants come without an imposed agenda
- High level of freedom to allocate funds as partners see fit
- Monitoring and evaluation are carried out democratically

### Where Improvement Was Needed

- Representatives on the Board of Directors were appointed, not nominated
- Partner selection criteria did not reflect regional conditions
- More effort was needed on alliance building
- No system existed to gather consensus opinions and views among regional partners

## Review of IDEX's Partnership Model

### Conducting the Review

IDEX conducted a review of its partnership model in 2003 to assess whether the goals of the model were being met, which methods were most successful, and where improvement was needed. IDEX drafted a detailed written questionnaire, consisting of 9 sections, and a total of 146 questions. It covered key elements of the partnership including participatory decision-making, grantmaking, communication, accountability, partner selection, and partner representation on the IDEX Board. 14 IDEX partners participated in the review (see Appendix I). IDEX Program Directors then conducted follow-up conversations during their regular site visits.

### Findings of the Review

#### Positive Feedback

Most partners indicated that IDEX had achieved a level of equality in decision-making and that a process of joint decision-making was effectively in place. Partners believed that they had a high degree of freedom to apply for grants from IDEX according to their priorities and felt that money was not given with an agenda. The partners pointed out other positive aspects of the partnership model including:

- Partners confirmed that they had a substantial voice in determining the content of the partnership.
- Those who had participated in regional partner exchange visits responded very favorably, noting that they were able to develop new contacts, reinforce regional solidarity, and exchange ideas, techniques, and experiences with each other.
- All partners who visited the U.S. found the visits highly advantageous in providing an opportunity to fundraise, strengthen ties with other organizations, and develop a greater understanding of IDEX and the partnership model.
- Nearly all respondents indicated that the IDEX model of evaluation and accountability is carried out in a democratic way, but also offered suggestions for improvements in monitoring and evaluation methods, which are discussed on page 7.

#### Room for Improvement

Respondents identified regional representation on the Board of Directors as an area of the partnership model that could be improved. Representatives had been elected by the IDEX Board without consulting with partners in the regions and there were no accountability requirements for representatives to report back to other partners on decisions and discussions. IDEX also lacked a system to gather consensus opinions and views among regional partners to bring to the IDEX board meetings. It was evident that this was an area that IDEX needed to improve its democratic process.

## Review of IDEX's Partnership Model (continued)

Overall, partners valued alliance building and stated that collaborations helped build better solutions and develop more strategic projects and goals. Unfortunately, given the challenges of distance and communication, alliances were inevitably given a low organizational priority. In fact, participants noted that the relationship among partners in their respective regions needed improvement.

Shared decision-making is an important element of the model, yet many did not expect absolute equality in all decisions. Partners felt that IDEX was occasionally too inclusive in areas where the partners lacked expertise. Decisions about how to approach U.S. funders, for example, are best left to those with experience in that field. Just as IDEX does not dictate to its partners how to carry out their work, the partners felt that they need not have input on all aspects of IDEX's work. Striking the balance between inclusiveness and efficiency is an ongoing process in IDEX's attempt to fine-tune the partnership model.

## Regional Considerations

The review process clearly demonstrated that partners in different regions respond differently to the partnership model depending on their needs and abilities. The political, social, and economic context in which partners work varies within and across regions. An ideal democratic framework must be flexible enough to respond to region-specific issues.

The review brought to light a number of region-specific issues, including:

- African partners pointed out that political conditions in some countries mean that not all organizations can be held to the same standards of transparency and collaboration. Many African partners face political instability and activism can bring potentially high personal risk to those involved. It is also difficult for them to build collaborations with other grassroots organizations, as there is a risk of government informants within the groups.
- The need to allocate grants between projects and capacity building varied by region. Asian partners in particular expressed a need to spend more on community projects and less on capacity building. However, partners agreed that the funding ratio fluctuates depending on the needs of a specific year, and felt that they could request changes based on their individual needs.
- Some Latin American partners thought more could be done to build regional networking. They felt they would benefit greatly from discussing regional issues such as the Plan Puebla-Panama development project and the Central American Free Trade Agreement. In addition, most Latin American partners work in rural areas where access to phone or internet is very limited, making networking a challenge.

*“The relationship is founded on solidarity, respect and trust... [The usual] power imbalances between foundations and non-governmental organizations often reflect global power imbalances, and very few foundations are doing anything to address this issue. It is one of the few relationships where the funding organization also gives reports of their activities, giving a sense of mutual accountability.”*

– K'inal Antezik, Chiapas, Mexico

*“It has been very important to learn about the work of other partners, about the common realities shared by other villages in the region, the political approach of other partners, and to establish connections with North American groups.”*

– ISMU, Guatemala

## Putting the Principles into Practice

As part of the review process, IDEX researched and interviewed a number of other U.S.-based funders who incorporate democratic elements into their grantmaking (see Appendix II). Like IDEX, most of these funders partner with organizations that are working within marginalized communities in the global South. These groups also emphasize shared values and goals, mutual respect, equality, accountability, solidarity, transparency, flexibility, sensitivity, and inclusiveness. While most agreed with these principles, each interpreted how to apply them somewhat differently.

Unlike IDEX, in most cases these grantmaking organizations do not involve existing partners in decisions about new partners, although many solicit input and feedback. Very few have partner representation on their Board of Directors. Most viewed alliance building as a natural progression of the partnership work, therefore only a few promoted it explicitly. Finally, many U.S.-based funders are making it a high priority to employ staff in the countries they are funding, who are able to work closely with their partners in those regions.

These interviews, combined with the results from the review, led to the formation of a set of nine guidelines for maintaining a democratic partnership:

### Practices of Democratic Grantmaking

1. Partners are inclusive of and responsive to the marginalized communities that their projects benefit.
2. Funders and partners negotiate an agreement that clearly delineates the responsibilities of each party in a signed contract.
3. As part of this contract, both parties make a long-term commitment to the partnership.
4. Partners determine the priorities of their work and express them to the funders.
5. Partners have a platform to participate in key decisions about the funders work.
6. Funders and partners maintain open channels of communication, leading to mutual accountability and transparency.
7. Funders facilitate opportunities for collaboration among partners and in coalition building activities.
8. Funders recognize that diverse constituencies require different approaches.
9. Long-term partners participate in the selection of new partners.



## Resulting Changes to IDEX's Model

The results of IDEX's evaluation were taken into consideration when planning subsequent regional meeting agendas. IDEX and its partners jointly developed proposals for introducing specific changes to the partnership model. Partners placed a great deal of emphasis on three areas of potential improvement: electing regional representatives to the IDEX Board of Directors, the duration of the partnerships, and modification of the criteria to select new partners. Some recommendations were immediately introduced, while other changes are being currently developed.

### Changes Under Way

#### **Continuing non-fiscal partnership after the fiscal partnership ends:**

IDEX's Latin American partners have recently initiated a discussion about non-fiscal partnerships. Some feel that the grants that IDEX sends are a small part of the support that IDEX gives, and by eliminating the grants, IDEX can focus more effectively on other areas of support such as alliance building and U.S. public education. Clearly, not all partners are in a position to make this statement, but IDEX has entered discussions about how such a partnership can be implemented with those that are.

**New ways to promote outreach and fundraising:** IDEX is exploring ways to better involve partners in the creation and review of outreach and funding documents, and has committed to translating more documents into Spanish.

**Six-year partner review:** Since many partnerships are lasting beyond their original three-year term, IDEX is creating a system to review the impact of the partnerships over a six-year period.

### Catalyst Grants Program

In 2004, IDEX started a new Catalyst Grants program, to help identify new partners and to replace existing partners that are ending their partnerships. This ongoing program will help us establish relationships and familiarize ourselves with potential partners over 6 to 12 months before committing to a full 3-year partnership. With active support from current partners, IDEX identifies several organizations as Catalyst Grantees. These groups are given a small grant to carry out a specified project. From the pool of Catalyst Grantees, IDEX chooses new long-term partners in each of the selected regions based on their reports, IDEX staff site visits, and input from current partners.

Including existing partners in the decision about which groups will become new partners is quite unique in the world of international grantmaking, and is a direct result of the feedback from this review. The level of trust and accountability that comes with long-term partnerships allows IDEX to rely on current partners' input, as they travel with IDEX Program Directors around their regions to evaluate potential partners. This program had lead to a Peer Evaluation process, in which partners participate in IDEX's monitoring and evaluation practices.

### Changes Made as a Result of this Review

#### **New process for electing regional representatives to the IDEX Board:**

Partners in each region now elect a regional representative to be formally appointed by the IDEX Board. The terms of board membership vary by region and have been set at one to two years to allow more partners the opportunity to serve. Partners have also developed regional processes whereby the Board member brings the voices of regional partners to IDEX Board meetings, and in turn, takes key information back to the partners.

**Selection of new partners:** With partner input, IDEX has introduced a new set of partner selection criteria and clarified the method of jointly selecting new partners in each region through a Catalyst Grants program.

**Length of partnerships:** Partnerships may be extended to subsequent three-year terms, subject to evaluation and approval by both IDEX and the partner.

**Renewing partnerships:** With extensive input from all the partners, IDEX has developed and introduced a clearly defined renewal process that involves formal and informal discussions with IDEX staff, Board, and partner organizations, as well as a mutual evaluation of the partnership. IDEX has also developed a procedure for the termination of a partnership prior to the completion of the three-year cycle when there is clear breach of the partnership agreement.

**Improved monitoring and evaluation:** In 2004, IDEX began an inclusive and participatory means of monitoring and evaluating the work of its partners. Based on feedback from partners, IDEX has drafted a three-year vision document, which outlines regional needs, strategic interventions and outcomes. IDEX will base annual workplans, budget and reports on this vision document.

*In Zimbabwe, IDEX partners address the problems of poverty and economic injustice through women's and girl's empowerment as well as youth education and training.*

*In Mexico, Nicaragua, and Guatemala, a key theme is promoting alternatives to the global economy by developing local markets and fair trade cooperatives, organic agriculture, and indigenous women's rights.*

*In India, Bangladesh, and the Philippines, partners are doing groundbreaking work in sustainable agriculture, labor rights, and micro-credit lending, particularly to women.*

## Appendix I: IDEX Partners

At the time of the evaluation, IDEX worked with the following partners. All contributed a great deal to the outcome of the review:

### African Partners

**Credit Against Poverty** (CAP) provides women with micro-credit loans.

**Chitungwiza Integrated Youth Survival Alternative Project** (CHIYSAP) provides youth with leadership and economic skills training.

**Girl Child Network** (GCN) assists girls in challenging abusive sexual practices and provides safe houses to protect victims of sexual abuse.

**Youth Ahead Zimbabwe** (YAZ) provides unemployed women and men with technical training, micro enterprise management skills, and micro-loans to start their own businesses.

### Latin American Partners

**Social and Economic Development for Indigenous Mexicans** (DESMI) provides credit and technical assistance grassroots groups and cooperatives.

**K'inál Antzetik**, provides support for indigenous women's collectives and also promotes community-led health and education programs.

**Institute for Overcoming Urban Poverty** (ISMU) provides training in financial management, organizational development, leadership skills, and community income-generating projects.

**Women in Action** (MEAi) brings together groups of women to create income-generating projects so they can support their families, including traditional weaving, livestock-rearing, and agricultural production.

**María Elena Cuadra Movement of Working and Unemployed Women** (MEC) works with women factory workers to improve their working condition and position in society.

### Asian Partners

**Centre for Development Services** (CDS) provides financial and technical support to over 200 NGOs throughout Bangladesh.

**Social Advancement Through Unity** (SATU) works with women in villages across five districts in Bangladesh with their micro-credit and social empowerment work.

**Gramin Vigyan Vikas Samiti** (GRAVIS) takes a Gandhian approach to rural development, working with the poor of the Thar Desert in India to enable them to help themselves.

**Women's Empowerment and Leadership Development** (Manavi) focuses on sustainable agriculture, micro-credit, and skills training for rural and tribal women from the lowest castes in India.

**Philippines Partnership for the Development of Human Resources in Rural Areas** (PhilDHRRRA) is a resource for the exchange of information, experiences and expertise among NGOs, community groups and development workers across the Philippines.

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## Appendix II: Democratic Models of Other U.S.-based Funders

The review was an example how development organizations can benefit greatly from inter-organizational collaboration. IDEX learned a great deal from the following organizations in how to improve its model and in clarifying what a democratic model is in the larger NGO community.

**American Friends Service Committee**  
[www.afsc.org](http://www.afsc.org)

**American India Foundation**  
[www.aifoundation.org](http://www.aifoundation.org)

**American Jewish World Service**  
[www.ajws.org](http://www.ajws.org)

**Changemakers**  
[www.changemakers.org](http://www.changemakers.org)

**Ecologic Development Fund**  
[www.ecologic.org](http://www.ecologic.org)

**Freedom From Hunger**  
[www.freedomfromhunger.org](http://www.freedomfromhunger.org)

**Global Fund for Children**  
[www.globalfundforchildren.org](http://www.globalfundforchildren.org)

**Global Fund for Women**  
[www.globalfundforwomen.org](http://www.globalfundforwomen.org)

**Global Green Grants**  
[www.greengrants.org](http://www.greengrants.org)

**Global Partnerships**  
[www.globalpartnerships.org](http://www.globalpartnerships.org)

**Grassroots International**  
[www.grassrootsonline.org](http://www.grassrootsonline.org)

**Hesperian Foundation**  
[www.hesperian.org](http://www.hesperian.org)

**Katalysis**  
[www.katalysis.org](http://www.katalysis.org)

**Lambi Fund for Haiti**  
[www.lambifund.org](http://www.lambifund.org)

**Oxfam USA**  
[www.oxfam.org](http://www.oxfam.org)

**Open Society Institute**  
[www.osi.org](http://www.osi.org)

**Peace Development Fund**  
[www.peacefund.org](http://www.peacefund.org)

**Save the Children**  
[www.savethechildren.org](http://www.savethechildren.org)

**SEVA Foundation**  
[www.seva.org](http://www.seva.org)

**SHARE Foundation**  
[www.share-elsalvador.org](http://www.share-elsalvador.org)

**Synergos**  
[www.synergos.org](http://www.synergos.org)

**Unitarian Universalist Services Committee**  
[www.uucs.org](http://www.uucs.org)

**World Neighbors**  
[www.wn.org](http://www.wn.org)

**Cover Photographs:**

Craftswomen affiliated with K'in al Antzetik in Chiapas at a Fair Trade Expo

Girls in Zimbabwe who receive school fees from the Girl Child Network

Field workers in Panouti village are members of ASHA-Nepal

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