

A group of people, including men and women, are sitting in a circle outdoors on a dirt path. They are engaged in a community meeting or discussion. Some are holding papers or notebooks. The background shows lush green trees and a clear sky. The scene is framed by a large, semi-transparent circular graphic with a blue and green border.

# Capacity Building Across Borders

## A Strategy for Funders and Partners

Commissioned by  
Citi Foundation




Prepared by



**SYNERGOS**  
Building trust works

# Contents

Foreword	2
Executive summary	3
<b>Project overview</b>	7
Purpose and scope	8
Methodology	8
<b>The state of capacity building</b>	9
What do we mean by capacity building?	10
General trends and hard truths	10
<b>A strategy for work at three levels</b>	12
Drilling down on key themes	13
Theme 1: Internal work	14
Theme 2: External work	17
Theme 3: Relational work	21
<b>Conclusion</b>	26
<b>Strategy profiles</b>	28
Oak Foundation	29
Dasra	30
Stars Foundation	31
<b>Sources</b>	32
Interview list	33
Reference list	36

 Text of this report is shared under a Creative Commons Attribution 3.0 license. You are free to republish any or all of the text, as well as the graphics on pages 5-6, with credit to Synergos.

September 2018

# Foreword

Around the world, nongovernmental organizations (NGOs) are playing a vital role in sustainable development, from promoting economic growth and providing vital social services to helping citizens advocate for a more just, peaceful, and sustainable society.

Yet many NGOs face increased demands from their beneficiaries, funders, governments, and the public. These challenges increase pressure on NGOs to not only deliver quality programs, but also to operate efficiently for scale and sustainability.

Funders who wish to strengthen the organizational health of NGOs face their own demands, including delivering programmatic results, often balancing impact at depth and scale. This, combined with the complexities of serving grantee portfolios that vary across borders, languages, organizational sizes, institutional ages, and other dimensions, can overwhelm funders as they discern how to best incorporate capacity building into grant making strategy.

These fundamental challenges of serving both community and organizational needs call for increased collaboration between funders, NGOs, and others. To improve the lives of vulnerable people around the world, we must build more strong, healthy organizations. To do so requires a paradigm shift in the relationship between funders and their partners, combined with a commitment to internal reflection, humility, and openness by all parties.

We believe there is tremendous opportunity for funders to have greater positive impact on grantee NGOs by supporting capacity building that, in turn, helps those organizations operate more effectively over the long-term.

This report by Citi Foundation and Synergos aims to help funders and partners respond to that opportunity. It synthesizes interviews and learnings from more than 50 organizations and funders from 23 countries to glean common insights and best practices to co-develop effective capacity-building strategies.

We hope this report will spark meaningful conversations and we welcome your comments.



Florencia Spangaro  
Director of Programs  
Citi Foundation



Leah Bradford Francis  
Managing Director  
Synergos Consulting  
Services

A woman with short grey hair and glasses, wearing a patterned blazer, stands in a classroom. She is holding a white paper and gesturing with her hands as if presenting. In the background, several people are seated at desks, looking towards her. A large, colorful world map is on the wall behind them. A laptop is visible in the foreground on the right, displaying a slide titled "Cómo Buscar una Hipoteca" with a bulleted list of items.

# Executive summary

## Cómo Buscar una Hipoteca

- Escoger un Prestamista
- Tipo de Interés
- Tipo de Presección: Anual / APR
- Puntos
- Cargo de Origen

# Civil society's role in sustainable development cannot be overstated.

Yet as many development practitioners have observed, the strength, health, and sustainability of civil society organizations can vary immensely, especially in low- and middle-income countries. At the same time, an organization's long-term effectiveness is closely tied to its health and capacity.

As global funders accept these truths, more of them are taking on capacity building as an indisputable part of their responsibility to the organizations they support.

To achieve lasting impact, funders need to build long-term capacity.

But for funders who accept this premise, learning how to meaningfully support diverse grantees across varied regions, languages, cultures, organizational sizes and structures, and other dimensions proves a complicated undertaking.

This report, *Capacity Building Across Borders: A Strategy for Funders and Partners*, seeks to shed light on the needs and opportunities for capacity building in the global development nonprofit space, as well as share emerging best practices and strategies to meet them.

By highlighting key learnings, gaps, and opportunities, we present funders and partners with the most salient considerations, while infusing the conversation around this still nascent field with new insights from leading practitioners.

The report was commissioned by the Citi Foundation. Synergos conducted a landscape assessment of capacity building in the international nonprofit sector. A deep dive into existing research and studies informed a general assessment of the state of the field, coupled with interviews with over 50 NGO professionals, capacity-building providers, funders, network organizations, and other stakeholders from 23 countries.

# General Trends and Key Findings

Several trends were identified through the research and interviews.

Funders are increasingly focusing on capacity building, yet for many it is still an evolving field. The very definition of capacity building can vary widely, depending on which funder or organization you talk to, or which part of the world you find yourself in. For the purposes of this project, we refer to capacity building broadly as *the process and set of activities that help build the organizational health of an organization*.

Defined as such, our research revealed the following general trends and “hard truths” about capacity building in this moment:

- **Funders are paying more attention to capacity building and seeing it as a necessary part of their role in supporting grantees.** More funders are taking notice of their grantees' capacity gaps and asking how they can help fill them.
- **A growing body of research points to several successful models for capacity building,** especially from the United States. However, capacity-building models do not travel well, and best practices in one country do not usually translate successfully to others.

- Funders increasingly recognize the importance of **long-term, flexible funding to grantees' organizational health**. But many funders are still hesitant to move from recognition to action.
- **Successful capacity building implies much more than how funding is structured or the availability of expert resources**. It is predicated on building a trusting relationship between the funder and grantee.
- Stakeholders in the capacity-building space are **moving toward increased collaboration and coordination**. However, this movement is happening at uneven rates across countries and regions. A global platform for funders to learn from each other could help funders significantly improve their capacity-building efforts.
- **Capacity building requires trust and a rebalance of inherent power dynamics between funders and grantees**. Both funders and grantees need to engage in open dialogue to align on the objectives and goals of capacity-building efforts at the start. Creating a shared vision and theory of change are key to a trusting relationship.

There was a common thread running through much of the experience, learnings, and insights collected: the importance of advance preparation and learning, and the shifts in perspective and behavior required to meaningfully engage in capacity building. Against the backdrop of the global trends and realities outlined above, we chose to focus on three key themes.



## Theme 1 Internal work Both funders and grantees must start by looking inward

Funders must make an internal commitment to depart from the traditional donor-grantee dynamic and engage with grantees on an equal playing field, with humility and an openness to listen and fully involve grantees in the process. This involves:

- Reforming organizational structure, priorities, budget, and culture to embed capacity building fully into the work.
- Recognizing the role of program officers to the successful delivery of capacity-building resources, and the ongoing conversation with grantees about how to use those resources.
- Working together with grantees to find the appropriate way to package capacity building to meet their needs.



## Theme 2 External work Understanding the ecosystem in which grantees operate

The societal ecosystems that organizations work within can vary widely across countries. Funders should take time to get to know the factors that shape the ecosystem and listen to their grantees' insights about them. This includes:

- Considering the size, maturity, and sophistication of the civil society setting, as well as the cultural context.
- Becoming familiar with relevant government regulations and policies.
- Getting to know local intermediaries as potential allies or vehicles for capacity building.
- Looking at what other funders are doing in similar contexts.



### Theme 3

## Relational work

### The “stage zero” of capacity building that creates true collaboration with grantees

Investing in an open, trusting relationship between funder and grantee that supports honest feedback lays the necessary foundation for fruitful capacity building. This includes:

- Building trust and establishing open communication, which are prerequisites for grantmaking.
- Rebalancing the funder-grantee power dynamic.
- Aligning goals and priorities between the funder and grantee.
- Co-designing capacity-building plans with grantees.

## Opportunities

Funders can benefit immensely by sharing more of their capacity-building learnings and experiences, as well as by collaborating to build a strong civil society in the regions and countries where they operate. Funders and other stakeholders with mutual interests have an opportunity to create online and in-person spaces where they can discuss how to:

- Incorporate capacity building in their strategies, programs, and organizational structure.
- Strengthen local, national, and regional capacity building that can serve multiple organizations and be a resource for the donor community.
- Collaborate on a platform for capacity building at the local, national, and regional levels.
- Collaborate on supporting grantees at different stages of growth – not just at start-up.
- Develop in-country human capital and infrastructure to strengthen local capacity building, especially in places where local intermediaries do not exist.

A woman with long dark hair, wearing a light green sweater, is seen from the side, speaking to a group of people in a meeting room. She is gesturing with her hands. The room has a wooden table with a laptop, papers, and a cup. Other people are seated around the table, listening. The background is slightly blurred, showing a bright, modern interior with large windows and a vaulted ceiling. A large blue circle and a green arc are overlaid on the image.

# Project overview

# Project purpose and scope of work

Building internal capacity and improving the overall health of an organization is vital for effective, sustainable impact. When an organization, its people, and its systems are stronger, it is better prepared to carry out its mission, whether that's reducing poverty, increasing healthcare access, improving education outcomes, or something else.

Civil society organizations, also referred to as nongovernmental organizations (NGOs) are uniquely positioned in their communities and countries to drive social and economic change, but the structure and tone of their relationship to funders can heavily influence their success. In some cases, it can mean the difference between a struggle with burdensome, misunderstood funder demands, and a trusting funder-grantee relationship in which honest feedback is welcomed and taken in good faith.

However, even funders who are committed to fostering trusting relationships may face difficulty allocating or gaining internal support for capacity-building funds. At the same time, funders often still face questions about what strategies to employ to best support a diverse mix of grantees that may vary across borders, languages, and organizational sizes while maintaining a commitment to specific programmatic results and balancing impact at depth and scale.

Considering the many stages at which a funder can find itself, this report seeks to shed light on the needs and opportunities for capacity building in the global development nonprofit space, and the best practices and emerging strategies to meet them. Ultimately, the goal of this research and its intended impact are to inform the global grantmaking community about how to strengthen capacity-building efforts, undergirded by the shared belief that doing so will help grantees achieve new heights of impact as they endeavor to advance sustainable development.

## Our methodology

Our goal was to build on the existing body of knowledge around capacity building, not by synthesizing or replicating it, but by extracting a few of the most relevant themes for discussion that we observed across the donor and NGO communities in this moment.

With a vast body of literature available on the subject, we began with a deep dive into existing research and studies to get a general assessment of the state of the capacity-building field. In parallel, we reached out to informants in two stages of interviews:

- An initial round of scoping interviews, speaking with 15 NGO and foundation leaders working in the developing world to learn about their perspectives on top issues and trends and to broaden the list of stakeholders to interview.
- A second round of interviews with an additional 35 funder and NGO professionals, which focused on a

set of key questions that emerged from the initial round.

Those questions included:

- What is meant by capacity building in different settings? Is there a uniform understanding of what capacity building is across organizations and geographies?
- What are the prevailing approaches to capacity building and how do they differ depending on an organization's stage of development?
- What major learnings and observations have been gathered from various experiences receiving and/or providing capacity building? What has worked and what hasn't?
- What methodologies and strategies are organizations adopting to structure their capacity building efforts? What works best in particular contexts (national, cultural, geographical etc.) and why?
- What do funders need to know about providing capacity building to grantees?
- What approaches are funders and organizations using to assess and evaluate capacity building? What has worked, what hasn't, and why?

Overall, we conducted interviews with more than 50 professionals from NGOs, capacity-building providers, the donor community, network organizations, and other stakeholders in the global capacity-building space from 23 countries.





# The state of capacity building

# What do we mean by capacity building?

We could write at length about the definition of capacity building, as the question “what is capacity building?” elicits a variety of responses and opinions. The term is in use globally, though it tends to be viewed as an import from the Western world, particularly the United States. While there is consensus about the purpose of capacity building as a way to strengthen an organization’s people, processes and programs, its interpretation can vary in subtle – or not so subtle – ways depending on geography and culture. At worst, capacity building is associated with the notion of Western experts “parachuting” into developing countries and prescribing structural changes that often don’t work. In some cases, our interviewees expressed a preference for alternative terminologies.

For the purposes of this project, we refer to capacity building broadly as *the process and set of activities that help build the organizational health of an NGO.*

This includes not just the acquisition of skills and knowledge by the staff and management of an organization, but the manner in which they are adopted and applied to create the “organizational backbone” that allows the institution to grow, strengthen its leadership and management, and build its operating support. As such, capacity building is a key enabler for organizations in the development sector to carry out their

missions and sustain their efforts to alleviate poverty, address social and economic ills, and improve lives. It’s also an important tool for funders and organizations seeking to scale up their long-term impact in a given sector.

## General trends and hard truths about capacity building

The topic of capacity building for organizations operating in low- and middle-income is extremely broad and can be tackled from myriad perspectives. From our research and interviews, we highlight six trends that appear to be particularly relevant, along with some of the “hard truths” associated with these trends below.

### Global funders are increasingly paying attention to capacity building.

There is a growing recognition that it is not sufficient to invest in a grantee’s programs or services alone, but rather it is necessary to support the whole organization.<sup>1</sup> Funders are starting to accept that it is part of their responsibility. This includes corporate funders that are broadening their mandate to support the organizational health of grantees. The Sustainable Development Goals (SDGs) to an extent are galvanizing this trend, and corporations as well as other funders

<sup>1</sup> However, the *Doing Good Index 2018* shows that only 28% of Asian NGOs reported receiving capacity-building support from donors. Centre for Asian Philanthropy and Society (2018), p. 25.

are accepting the roles that they have to play. As a foundation leader interviewed noted, more and more people in the foundation world are seeing capacity gaps in the organizations they support, and are asking how they can help fill them.

### Research and studies spanning decades provide evidence of successful models for capacity building.

This is particularly the case in the United States, which has a sophisticated ecosystem and features a range of specialized intermediaries, experts, and providers. However, capacity building needs to be contextualized and adapted to different geographies and cultures, and models are not easily exportable. What works in one country may not – more likely will not – be effective elsewhere.

Even funders harboring the best intentions of supporting the organizational health of grantees may be ill-prepared to adapt capacity-building approaches across diverse contexts. These funders may find themselves operating in relative isolation, especially when working outside their “home” country or if they lack local staff.

### The principle that long-term, unrestricted funding is a critical way to support a grantee’s organizational health is now fairly well established.

With the security that comes from longer-term funding cycles and the flexibility of unrestricted support, grantees are able to invest not just in their programs, but in their organizational strengthening and growth. However, this principle has been slow to fully translate

into practice, as many funders are hesitant to embrace funding that is longer in scope and that gives grantees more discretion in its use. Even interviewees from foundations that are committed to long-term, unrestricted funding told us that the process of streamlining it into internal systems is moving more slowly than they would like.

**The availability of capacity-building resources alone does not ensure that the grantee's capacity-building needs will be met.**

This is true regardless of how these resources are structured – whether made available through unrestricted funding, offered on top of programmatic funding, or sourced from internal or external providers. There are many enabling and disabling factors tied to each grantee's stage of development, its readiness to undertake learning and change processes, its understanding of the relevance of capacity building and more.

A crucial factor is the relationship between funder and grantee, and the degree of trust and mutual understanding that underlies their interactions. There is no direct and effortless solution to the issue – no “silver bullet.” A representative from a philanthropic network echoed the opinion of many other respondents in emphasizing that capacity building takes investment in time, trust, and deeper relationships, which can prove a daunting effort for funders.

**There is a need, and indeed a desire, for more coordination and collaboration among stakeholders in the capacity-building space in the developing world.**

Emerging and existing platforms – comprising a variety of stakeholders such as funders, capacity-building providers, NGOs, networks, and associations – have an important role to play in the ecosystem for capacity building at the national and regional levels, and they would benefit from being strengthened. At the community, national, and regional levels, local capacity-building expertise can benefit multiple players in the system. It is best suited to serve the needs of grantees because local providers understand the context and culture.

Funders may be reluctant to embrace investing in infrastructure, which is perceived as generating less immediate returns than working with specific institutions and on programmatic outcomes, but some are making this a priority.

**Capacity building requires trust and a rebalance of inherent power dynamics between funders and grantees.**

Both funders and grantees need to engage in open dialogue to align on the objectives and goals of capacity-building efforts at the start.

Creating a shared vision and theory of change are key to a trusting relationship. The topic of power dynamics is a delicate one that is pervasive in philanthropy, as power naturally gravitates toward the money-holding entity.

Funders especially need to be aware of this fact and consider the kinds of incentives it creates for their grantee partners in a situation where their honest feedback is sought. There is a common risk that even good faith actions taken by funders to rebalance power dynamics may remain at the tactical level without addressing the structural level. This is one area where investing in a trusting, open relationship with partners will prove essential.

A man in a dark jacket is shown from the chest up, looking upwards and holding a glowing pink lantern. The lantern is lit from within, casting a warm yellow light. In the background, a crowd of people is visible, some holding up phones to capture the moment. The scene is set at night. The image is overlaid with a large, semi-transparent blue circle and a green arc on the left side.

# **A strategy for work at three levels**

# Drilling down on key themes

Against the backdrop of the global trends and realities outlined earlier, we chose to focus on three key themes that relate to a common thread running through much of the experience, learnings, and insights collected through our research and interviews. The common thread is the importance of advance preparation and learning, and the shifts in perspective and behavior required to meaningfully engage in capacity building.

The first theme reflects the need for funders and their partners to start by looking inward. Incorporating capacity building into offerings for grantees is a choice that has to become deeply embedded into how the funder thinks about and approaches its grantmaking and theory of change. A funder may need to engage in a significant reframing and internal restructuring process in order to thoroughly incorporate capacity building into its own organizational strategy, budget, and culture.

Similarly, a funder's partner organization may require internal alignment and consensus building of its own, to adopt a posture of intentionality and openness to the capacity building process, including a readiness to provide honest, ongoing feedback.

The second theme is the mirror image of the first. After looking inward to align its own intentions toward capacity building, it is essential for a funder to look outward to understand the environment in which its grantee partners operate. A capacity-building model

that works in one country will rarely translate to other countries – hence the need to map and assess the particular ecosystem for capacity building in each country or geography of operation, with careful consideration given to cultural, political, regulatory, demographic, and other factors.

The third theme centers on the donor-grantee relationship. The funder must be intentional in establishing a level playing field that creates a basis for a collaborative relationship with its grantees, based on trust, shared intentions, and open communication.

In sum, in order to pursue programmatic results as well as the organizational health of grantees, a funder and its partners need to look together in three directions: internally, at incorporating capacity building into their own organization and culture; externally, at the ecosystem in which its partners operate and the resources and other variables affecting capacity building; and across to each grantee, to establish a relationship based on mutual trust and a balance of power.

These three themes call into play three types of work that can be summarized as “*internal work*,” “*external work*,” and “*relational work*.”



**Internal work**



**External work**



**Relational work**



## Theme 1: Internal work

Both funders and grantees must start by looking inward

For a funder, a commitment to building capacity of grantees calls for a way of doing business that differs from the traditional donor-grantee dynamic. This change begins at “home,” with the funder examining its own way of thinking about grantmaking.

Foundations that are incorporating capacity building into their strategies reported that they began the change process by first soliciting honest feedback from grantees, and then engaging in an effort to shift their own paradigm at multiple levels of the organization.

An example is the Ford Foundation's Building Institutions and Networks (BUILD) initiative – a five-year investment in capacity and sustainability of grantees – which took shape within the context of an institution-wide change process and an overhaul of how the foundation approaches strategy, grantmaking, and power relations.

Oak Foundation also reported undergoing an internal evaluation and reflection process in order to incorporate capacity building into its existing infrastructure and grantmaking practices. The organizations noted that these processes take time and generate continuous learning (see strategy profile on Oak Foundation on page 29).

### **Reframe at the strategic level to incorporate capacity building**

The funder should recognize that capacity building is a strategic imperative as well as a programmatic imperative. This means that staff must view the organizational health of grantees to be on par with the programmatic outcomes that grantees deliver. Once this intention has been stated, it has to be internalized and translated into how staff think about capacity building, allocate funds, and collaborate with grantees.

A hard reality that funders are still grappling with is the fact that capacity building does not fit neatly into short-term funder cycles. As pointed out in a report on how funders can better support the developing world's civil society (Bond, 2016, p. 4), a more flexible, long-term approach is more appropriate for adapting to changes in local context and for a better focus on impact on the ground.

*“If you lengthen your time horizon, then it makes sense to invest in capacity building. It's only when you're thinking with a business cycle timeframe that it doesn't make sense.”*

— Ingrid Srinath, Ashoka University, India



This is consistent with the growing funder consensus around viewing grantee organizations as partners over the long haul rather than short-term grant recipients. Indeed, a capacity-building provider defined the ideal relationship between funders and grantees as that of fellow travelers on a journey to a shared destination.

### **Embed capacity building into organizational culture**

Effective capacity building should be embedded into the funder's organizational culture. At this level, the shift begins with the funder's acknowledgment that it must invest in building a shared culture of grantmaking that incorporates capacity building. This is not just a shift in how the funder's staff operate, but in how they think about making grants and working with grantees.

The change described here calls for a shift away from a project-centered approach and instead toward an organization-centered approach. As one interviewee put it, it's important for funders to think about how the organizations they support can become more effective over time, rather than on whether they can deliver on a specific project.

*“Many donors are interested in programs and don't look deep into the organization, only the outcomes it's achieving. They are interested in the end result but not in the process.”*

— Olive Leuna, formerly with Gatsby Trust, Tanzania



This implies that capacity-building efforts must be owned and driven by the capacity-building recipients.

*“We must recognize that capacity development is a self-directed process for the people who are involved in it, and that they are responsible for their own learning and development – it's not simply about a technical fix. The question then is, are we able as funders and capacity developers to work in ways that really support that self-directed process?”*

— Clare Moberly, INTRAC, United Kingdom



A corollary of this shift that may need to be more absorbed into the funder's culture is an emphasis on learning and adjusting course along the way. Capacity building is not a linear process but an organic process of growth – as such it requires both funders and grantees to accept a certain degree of uncertainty and to engage in an open and continuous dialogue.

## Recognize the role of program officers

Program officers play a critical role in the internal journey and the culture change needed for capacity building to be embedded into the organization. A funder explained that the process required his foundation to recalibrate its understanding of the role of program officers and how they are valued in helping organizations grow. Another funder spoke about the need for program officers to internalize the goal of helping organizations become more effective, resilient, and healthy in order to shift their grantmaking approach from project-centered to organization-centered.

Many interviewees pointed to the fact that program officers tend to be focused on programmatic outcomes and the grantee's capacity to deliver on those outcomes, rather than on the grantee's overall organizational health. This is consistent with the prevailing paradigm that places priority on measurable impact.

Program officers may need new incentive mechanisms to help them shift to a new way of engaging with grantees that places importance on capacity building. To this end, some funders have made significant investments in the leadership development of program officers, and have been proactive in enabling officers to embrace capacity building and incorporate it into their strategies.

## Integrate capacity building into the organizational structure

There are various ways of institutionalizing the capacity-building function. A funder can train program officers to oversee capacity-building support as well as

programmatic funding. This requires program officers to place equal priority on capacity building alongside programmatic support, and to stay as focused on organizational health as they are on programmatic outcomes.

Alternatively, the funder can create an in-house position or team for organizational effectiveness or capacity building as a complement to the program officer role, which may focus on program support. The capacity-building officer or team engages with grantees in an advisory role, helping them assess needs and solicit honest feedback.

Ford has created a cross-organizational team that works with program officers and grantees to build grants that address their institutional priorities. The Packard Foundation has a dedicated organizational effectiveness team that works with program units at the country level around the world, and adopts a theory of change approach to determine how to work in the country holistically and programmatically.

## Find the appropriate way to package capacity building for grantees<sup>2</sup>

Once the capacity-building imperative has been absorbed and internalized, there are various options for the funder to structure and package capacity-building resources.

Funders can offer flexible funding that includes sufficient funds for the grantee to invest in its own organizational health. However, an issue mentioned

by funders is that when capacity building is rolled into grants, it may not be prioritized by the funder or even by the grantee.

One alternative is to provide program support to a grantee and add distinctive capacity building support on top of that. Stars Foundation, for example, has provided capacity building awards on top of unrestricted funding, though it found that in some cases, grantees spent the program funds but did not use the capacity building funds (see strategy profile on Stars Foundation on page 31).

Ford established a framework and pillars for organizational strengthening, which program officers can customize and adapt to their grantees' various contexts and sectors. While there are different ways to package capacity-building funds, it seems that to be effective, the funder has to take into consideration the context and work closely with the grantee to ensure the resources provided are responsive to needs.

---

2 For different approaches to capacity building see Pond (2015), pp. 5-12, and Crawford (2018).





## Theme 2: External work

Understanding the ecosystem in which grantees operate

In the United States – and to a great extent in Western Europe – the legal structure and operations of NGOs are clearly defined: an established institutional and regulatory system provides oversight for structure and compliance.

The civil society sector offers a viable career opportunity, and support to the sector extends to academic institutions that offer specialized courses in topics such as nonprofit management and fundraising.

The context in other countries and regions varies widely across aspects such as the maturity and sophistication of civil society, the role of government in implementing development programs, the country's commitment to key international agreements such as the Sustainable Development Goals, and the policies regulating NGOs.

For a funder interested in investing in the organizational health of a grantee, understanding the environment in which the grantee operates is a crucial prerequisite to the effective design and delivery of capacity building. The challenge is arguably more pronounced for corporate foundations, whose international work is linked to their corporate mission and presence.

*“It’s fundamental that organizations that have interest in the capacity-building process have a lot of capacity themselves to understand contexts, cultures, and political challenges.”*

— Boris Cornejo, Fundación Esquel, Ecuador



This requires looking at the state of civil society, the range and quality of players in the ecosystem for capacity building, the policies and regulations affecting NGOs, and the constraints faced by NGOs in delivering services or conducting advocacy work.

*“All foundations providing capacity-building support should tailor that support to meet the particular needs of grantees. Grantmakers working in multiple regions, whether domestically or internationally, need to attend to these varied ecosystems and contexts in order to be effective.”*

— Meghan Duffy, GEO, United States



A study conducted by Stars Foundation on its grantees’ perceptions about risks and the funder-grantee relationship indicated that lack of funder knowledge about the local ecosystem led to risk aversion. Risk aversion of this kind can cause funders to look for “safe bet” organizations that have already been funded by others, instead of supporting promising emerging organizations that could most benefit from capacity building resources (Stars Foundation, 2015, p. 4.).

### **Consider the size and maturity of the civil society setting**

The size and role of civil society varies greatly from country to country and from region to region.

For example, in India, home to millions of NGOs, civil society is undergoing a transition away from dependence on foreign funding. In response to the country’s growth to middle-income status, many of the international foundations that provided the lion’s share of support to the sector are choosing to direct their resources to countries with greater need.

*“In a country with 3.3 million nonprofits, we focus primarily on organizations that have demonstrated impact and have the potential to become sector leaders. We’re still a drop in the ocean in terms of building the capacity of nonprofits in India.”*

— Harpreet Bagga, Dasra, India



Meanwhile, local philanthropy is slowly beginning to replace the capital that is being withdrawn, and a new generation of businesses and startups that are open to philanthropy is emerging to support a vibrant, rapidly growing nonprofit sector.

In Latin America, the state is widely seen as taking a primary role in supporting the establishment and growth of civil society. In countries such as Brazil, which is facing economic and political turmoil, civil society representatives report that the sector is experiencing insecurity due to public funding cuts, combined with other challenges faced by businesses and philanthropic institutions.

A key sign of a strong civil society is the presence of local capacity building partners.

*“We see funders giving resources to providers and others supporting the NGO directly. It depends on whether they are operating in a strong civil society where there are institutions that can be providers.”*

— Andrea Rodericks, formerly with Care International, India



International and national intermediaries, networks, and platforms can prove useful in mapping the civil society landscape of a country or region. These include affinity groups – for example Big Bang Philanthropy or the Tri-State Area Africa Funders Group. World-wide Initiatives for Grantmaker Support (WINGS) is a reference organization in many countries that helps

funders understand the civil society and philanthropic context.<sup>3</sup>

## Get to know relevant government regulations and policies

Government regulations and policies are important in influencing how funders think about capacity building. In some countries in the developing world, governments are the traditional providers of social services and NGOs play a marginal role compared to countries with a strong civil society. As a China-based interviewee noted, the macro-situation heavily influences an NGO's capacity for impact.

*“The Chinese government is a major funding provider for capacity-building programs. We have about 6,300 charitable foundations in total, however only about 100 of them are grant-making.”*

— Ding Li, Non-Profit Incubator, China



Regulations affecting NGOs can dictate how fast they can grow or how they can use their funds. In some countries, the flow of funding from international

<sup>3</sup> Two important sources of information for funders to consult are:

- *Guidelines for Effective Philanthropic Engagement* and their resulting implementation guides published by the OECD Development Centre's Network of Foundations Working for Development (netFWD). During 2015 and 2016, these guides were published for India, Mexico, Kenya, and Myanmar. They provide philanthropists the country context and specificities to understand their ecosystems.
- *Giving Around the Globe* published by CECP.

donors may be subject to significant restrictions and require official government approval. Regulations for accounting and finance, which affect how NGOs report and manage their finances, can vary greatly across countries.

## Connect with local intermediaries as potential allies or vehicles for capacity building

In geographies in which the ecosystem for capacity building is less developed or where a funder does not have a presence, it can be arduous for a funder to “go it alone” on capacity building. A viable option is to engage with a reputable intermediary that knows the local context. Local intermediaries can support grantees in assessing and addressing their capacity building needs. They can act as “bridging organizations” for providing capacity building and also for funding by re-granting funds from the funder to grassroots organizations.

*“What doesn't work is micromanaging when a donor doesn't have a lot of money or a big presence in the country. We call it the ‘5,000-foot-long screw driver.’ In this case you're better off hiring a local organization to provide capacity building, or funding an intermediary who works with the grantees.”*

— Teresa Crawford, Counterpart International, United States



Another foundation leader noted that to be able to make good decisions remotely, a funder needs a good intermediary who can navigate the legal, formal, and informal systems. Whenever possible, funders should use local resources to provide capacity building. Some organizations can play a role as a catalyst of funding, whether they are direct grantees or not.

Local and regional intermediaries can be strong support organizations. Oak Foundation, for example, works with local intermediaries not just because they are better positioned to support their grantees, but also because their involvement creates a more level playing field.

## Look at what other funders and providers are doing

There is a growing recognition of the need to build and strengthen the local ecosystem for capacity building. Funders appear to be increasingly interested in both sharing what they are doing and in collaborating with other funders to build an infrastructure for capacity building in different geographies.

Funders are increasingly sharing their capacity-building information and experiences – for example, through directories of in-country consultants with capacity-building expertise. The Segal Family Foundation maintains a roster of service providers that can be used for capacity building across East Africa, and the foundation's local teams serve as a resource for other funders to navigate the system in those countries.

Other foundations also maintain a portfolio of partners and networks of trusted providers on the ground and

are willing to share regional knowledge and expertise with other funders. Some funders have local offices they are willing to lend to other funders.

We spoke with funders who emphasize the importance of building an infrastructure for capacity building, though this is a challenging effort that can significantly stretch funder resources. Some are making it a priority to invest in strengthening the ecosystem for capacity building. For example, a goal of Oak Foundation is to build the consulting infrastructure in the countries in which the foundation is active.

*“There’s an appetite for collaboration and it’s becoming a new paradigm – that we need to work on a more collaborative framework.”*

— Benjamin Bellegy, WINGS, Brazil



Funders and providers are also emphasizing the importance of developing a national-level capacity building sector. Among them is INTRAC (International NGO Training and Research Centre) – a provider of training, consultancy, and research to global civil society organizations – which has focused on strengthening and localizing capacity-development resources through the Consultants for Change (C4C) initiative, to build national cohorts of consultants who can provide contextually appropriate capacity development services to civil society organizations.

Digital learning is an area in which specialized organizations are developing services to benefit the capacity-building sector. An organization working in this space is Philanthropy University, a digital learning platform founded in 2015 which aims to “reimagine capacity building for the digital age” by offering courses and methodologies that are localized and relevant to NGOs in various parts of the developing world. Beyond trainings, Philanthropy University works to foster communities of practice focused on specific issues; see strategy profile on Stars Foundation on page 31 for more information.



## Theme 3: Relational work

The “stage zero” of capacity building that creates true collaboration with grantees

There is a lot of research available on selecting the right methodology, frameworks, and vehicles for capacity building. Before taking action, however, it is critical to invest in establishing an effective relationship between funder and grantee that is based on trust and can support honest feedback and conversations. This can be seen almost as a necessary “stage zero” that precedes the launch of the funding relationship.

Before framing a capacity-building plan with grantees, funders should invest in a preparatory phase to lay the foundation for a fruitful engagement. Much like in the process of building the foundation for a house, it is important to understand the quality and depth of soil on which the foundation will be built.

Trust building is a prerequisite for grantmaking.

It is incumbent upon the funder to create the space for honest conversations and feedback that can last throughout the lifetime of the partnership. To this end, it is important for the funder to exercise humility, be a good listener, and be open to collaboration.

The values of humility and openness and the ability to truly listen may not come naturally to organizations that are used to holding the purse strings of funding. This reinforces the case for funders to work first on themselves and adopt an open posture that allows them to fully incorporate capacity building into their theory of change.

*“If you want to have an equal partnership, you have to begin with shared values and follow up with delivering quality outcomes.”*

— Neil Khor, Think City, Malaysia



*“It takes a lot of work and space to intentionally build that. It’s always [key] to be straightforward and transparent about the process.”*

— Depti Sood, TCC Group, United States



Funders who have invested most heavily in and who have had the most experience around capacity building repeatedly told us about the importance of building a strong relationship based on trust. This sentiment was echoed by NGO practitioners as well.

*“[S]ome of the preparatory phase that should be put in place before any technical assistance is building trust. Having confidence in each other. And then being very clear from the beginning as to what the two organizations do together so that each one sees the other as an organization that has something to offer.”*

— Amie Joof, Inter-Africa Network, Senegal



The Segal Family Foundation, which works with early-stage organizations, prioritizes unrestricted and flexible funding which is crucial for organizations that are just getting off the ground. The foundation extends an initial flexible, unrestricted grant to grantees and uses that first grant period to establish a strong relationship with the grantee. By the end of the first grant period, a relationship is established that allows for constructive feedback to be provided in terms of capacity building needs.

*“I think that’s the biggest challenge we have, to solicit honest feedback about our work and the value of the capacity building from partners. We build a strong relationship in the first grant cycle; there’s an accurate expectation of follow-on funding – so there’s comfort in continuity.”*

— Andy Bryant, Segal Family Foundation, United States



## Re-balance the power dynamic

Building trust goes hand in hand with establishing a more level balance of power between funder and grantee.

It is important to acknowledge and address the inherent asymmetric power dynamic between funders and grantees. As stated in a Rockefeller Philanthropy Advisors paper (2017), “power dynamics between grantees and funders can create a relationship that is open, honest, forthright, and supportive – or not” (p. 11).

This power imbalance is an obstacle to the successful delivery of capacity building. Grantees may be reluctant to share their organizational weaknesses for fear of losing funding, or they may view capacity building as a funder-imposed requirement for securing a grant rather than a genuine opportunity to strengthen their organization. This is especially true of smaller, earli-

er-stage organizations or grantees with limited experience in working with funders or the private sector.

*“The power dynamic question to me has to be at the center of all the conversations on how we engage. Organizations need to internalize, think about whether something is right for them or not, and not do something because the funders asked them to.”*

— Thomas Hilbink, Open Society Foundations, United States



The “charity mindset” can be both reinforced by and a cause of an unequal balance of power and can be deeply embedded in an NGO. Through transparency and openness, the funder can begin to shift this dynamic and steer the relationship from a funder-grantee to one of partnership and mutual understanding.

*“A key principle that we use in conversations with grantees is, you can tell us what’s happening, and it won’t be used against you, rather it will be taken into account in the process of change.”*

— Monica Aleman, Ford Foundation, United States



Interviewees shared different models used by funders to “institutionalize” the ability to address the power

dynamic vis-a-vis grantees in their structure and relationships. When the funder has a capacity-building or organizational-effectiveness function complementing the role of program officers, this function focuses on organizational strengthening and engages with the grantee in that area. The funder can also work through an intermediary (local or international) that co-designs the capacity building framework, provides it to grantees, and acts as an advisor.

The topic of power dynamics is a delicate one. The power imbalance between funders and grantees is a structural issue that is pervasive in philanthropy, as power naturally gravitates toward the entity that holds the purse strings. There is a common risk that actions taken by funders to rebalance power dynamics may remain at the tactical level without addressing the structural level. Perhaps more than any other issue, this requires funders to regularly practice empathy and understanding towards their grantees, and for grantees to trust funders and be receptive to the shift.

### **Align goals and priorities**

It is important for funders and grantees to be aligned on goals, priorities, and intentions relating to capacity building – and for grantees to feel like they have a real voice and buy-in in this process.

It may be advisable for funder and grantee to agree on a shared concept of capacity building, given that grantees may see capacity building as an imported notion and interpret it as a requirement imposed by the funder. We heard a range of views on this topic from practitioners, from those who thought that

capacity building is linked to empowerment to those who view capacity building as a more linear process of building skills and competencies to deliver on programs. When it comes to the success of any given funder-grantee relationship, the goal shouldn’t be to find the “correct” definition of capacity building, but rather to arrive at a mutual understanding of the grantee’s unique needs with regard to organizational health.

Some interviewees found organizational assessments to be helpful tools for building alignment. A variety of these assessments exist and funders are using them and in some cases tailoring or adapting them to their needs. Assessments examine leadership and management, financial health, governance, influence and effectiveness, and the operating environment. Instead of making them solely a pre-grant inquiry, funders and grantees can use these assessments to align the conversation around needs. In other words, needs assessments are best utilized as part of a consultative process between funder and grantee.

Alignment requires the funder and grantee to develop a shared understanding of the context and objectives of the capacity building activities, including considerations such as:

- Defining the appropriate overhead for the grantee. Funders often impose – and grantees passively accept – a given overhead rate without considering whether it is reasonable, given the context in which grantees operate and their stage of development.
- If capacity building is part of a grant package, determining whether its purpose is to help the grantee

deliver on a specific program, strengthen its overall organizational health, or both. This will help funders and grantees align on outcomes that are consistent with that purpose.

- Ensuring that the grantee has a well-developed strategic plan – so that there is a shared view of the organization’s growth trajectory and that capacity building can be tailored to the plan.
- Ensuring the grantee has shared ownership of capacity-building activities and feels included in the diagnostic and decision making.<sup>4</sup> Buy-in from the grantee is critical so that capacity-building provision is not taken simply because it is attached to a grant.

It is helpful for funders to be clear and transparent about their intentions related to capacity building. For example, some funders intend to help more organizations scale up; others are more focused on the impact of advocacy or campaign initiatives; many remain fixed on programmatic outcomes and on the grantee’s capacity to deliver on those outcomes.

Ideally, funders should be flexible with regard to the grantee’s capacity-building needs, as these often shift, particularly in the case of grassroots organizations that need to adapt their activities to changing circumstances.

<sup>4</sup> “Identifying and investing in capabilities is not just a matter of securing money to cover costs. It takes ongoing organizational commitment to devote the time and energy to ensure that organizations address these issues.” Etzel & Pennington (2017).

Whatever the priority, make sure it is agreed upon and shared by both parties.

### Co-design the capacity-building plan

Co-designing capacity building involves firstly assessing the readiness of the grantee to engage in capacity building.

To this end, we heard from several sources that the single most important starting point is commitment by the grantee’s leadership to engage in capacity building and transformation. This implies buy-in at the level of the CEO, who in turn transmits it to the grantee’s senior leadership.

*“One of the biggest realizations is you can only build capacity if the grantee wants to build it.”*

— Harpreet Bagga, Dasra, India



We heard a lot from interviewees about the value of allowing grantees to be in control of the process and hire the facilitators and consultants they need. In the event a grantee needs assistance, the funder can help, for example with the design of the terms of reference and by guiding the grantee through the interview process to select a provider.

*“On needs assessment, we trust the organizations and consultants to use their own tools.*

*The tools are not that different – it depends how you use them. Our principle is that the consultant is not evaluating the organization but is facilitating a conversation within the organization, and it’s in fact a self-assessment. We believe that the staff, board, and leadership know best what is going on and what should happen in the future.”*

— Adriana Crăciun, Oak Foundation, Switzerland



In working with providers, it is critical to hire local experts who understand the context. It is also useful to work with international consultants who are familiar with the latest trends on knowledge and technology. This two-way learning process between local and international consultants is being used by the Sheila McKechnie Foundation.

*“We want people who have the same ethos as [our foundation] and can bring in-depth understanding of the context, the language, and make people feel they are in a space where they are understood.”*

— Saskia Daggett, Sheila McKechnie Foundation, United Kingdom





INTRAC's C4C initiative has strengthened the capacity of national-level consultants in six countries through a combination of training and mentoring support. The organization sees great creative potential in the relationship between national and international consultants.

In addition to the consultant type, it's important for the grantee to have a voice in selecting the specific consultants they will work with.

*“If the receiving organization is not involved in selecting consultants, then they feel obliged to go with the grant-maker's decision and the intervention does not work as well.”*

— Gabriel Berger, Universidad de San Andrés, Argentina



One interviewee referred to their focus on “consulting with soul”, which requires a cultural fit between consultant and grantee, and local consultants who understand the context.

The co-design process at the Segal Family Foundation is based on talking with grantees, matching what they need, and checking in periodically to look at learning strategies and to consider what is working and what can be improved. The assessment tool can serve as the basis of a good co-creation process to understand gaps and how to fill them with various kinds of offerings. As one funder put it, “An element of co-designing is the legitimate feeling that the grantees can veto or overrule the funder on how to fill certain gaps.”

An interesting co-designing model is the one used by the Dasra Giving Circle (see strategy profile on page 30). In this model, funders pool money targeting a specific social impact. Then, through a highly participatory process of co-creation, they first define how they are going to achieve that goal and select NGOs already pursuing it who they can strengthen. Finally, the funders and leaders of the NGO agree on an implementation strategy for the capacity-building program, and monitor its impact on a quarterly basis.

There is a vast range of methodologies that organizations can tap into to design capacity-building activities. Several funders found it valuable to follow up “low-touch” interventions such as group trainings and workshops with “high-touch” interventions, which tend to be more time- and resource- intensive, such as one-on-one mentorships.

*“Through a virtual platform we can spread knowledge and reach the largest number of organizations. But we always believe there is a need for face-to-face meetings as well. I think one thing does not nullify the other. On the contrary, they are complementary...”*

— Victor Ladeira, CIEDS Global, Brazil



We heard frequently from interviewees that the utility of online trainings could be enhanced with a blended approach that supplements online learning with in-person training and/or individual mentoring. Some

interviewees were skeptical about the effectiveness of online learning and webinars, while others think that increasingly people want a more flexible way to learn.

We heard from both funders and practitioners about the value of face-to-face peer learning. One topic that was raised was the appeal of building communities of practice that both embed capacity building among grantees and make it more sustainable. This means giving practitioners a platform — whether online, in person, or some combination of the two — to meet, exchange experiences and best practices, and learn from each other.



# Conclusion

**Funders' intensifying interest in the organizational health of grantees, and not only the achievement of program outcomes, is a positive development. This will call for a paradigm shift in our approach to funding implementation, and in how we conceptualize the funder-grantee relationship.**

Funders and providers who recognize the importance of investing in capacity building seem open to the idea of working together in a more complementary way. It would be advisable to create opportunities for funders to come together to learn from one another and work together to build a strong civil society in the geographies in which they operate. The exchange of knowledge and experience would be valuable in areas such as:

- Strategies for incorporating capacity building in funder strategies, programs, and organizational structures.
- Successful approaches and lessons learned in engaging with grantees on capacity building.
- Coordination of activities at the country level, such as “tag teaming,” on supporting grantees at various stages and sharing information about the availability of qualified local intermediaries and providers.

- Building local, national, and regional capacity building networks that can serve multiple organizations and be a resource for the funder community.

No matter what stage a funder finds itself in with regards to capacity building, this report offers a point of entry. If an organization's internal awareness of or support for it remains low, internal work is a good place to start. If the internal buy-in is there but the implementation conversation with partners is nascent, external work may be in order. And even the most experienced capacity builders will agree that the work of fostering and deepening trusting, open relationships with grantees never ends.

For a field where most organizations claim to still be finding their feet, the common claim that “there's always more to learn” proves even more true.

Let's approach it together with a balance of ingenuity and humility, ready to share ideas and assist one another on this journey toward a stronger global civil society and deeper, more sustainable impact.



# Strategy profiles

# Oak Foundation: Creative results from internal work

In 2011, Oak Foundation worked with the Center for Effective Philanthropy to conduct a survey of its grantees to take the temperature of their experience being supported by Oak. The results, including a Grantee Perception Report® (GPR)<sup>5</sup>, showed that “The Foundation could potentially create more impact through increased provision of assistance beyond the grant check” (Center for Effective Philanthropy, 2011, p2.) The GPR also demonstrated that Oak grantees who received non-monetary assistance rated their experience significantly higher than those that did not receive assistance. Those who received this assistance felt that Oak had more impact on the fields they worked in and the development of their organizations. The grantees also felt that they could sustain their work in the future, and that the relationship with Oak was stronger.

Based on this outcome, Oak trustees and staff evaluated and reflected on how they could incorporate capacity building into the foundation’s existing infrastructure and grant-making processes.

Oak created a working group on organizational sustainability and capacity building, which conducted

---

<sup>5</sup> A CEP Grantee Perception report provides comparative data on grantee perceptions of funder performance on a variety of dimensions.

several consultations with internal staff, peer foundations, and partners in every program. The group’s recommendations, presented to the board in April of 2013, focused on strengthening existing practices and fostering cross-foundation learning to support the organizational health of Oak’s grantees. The top recommendations included:

- Developing the abilities of Oak staff to support organizational sustainability and capacity building.
- Reinforcing Oak’s internal grant-making mechanisms to facilitate capacity building.
- Clarifying links between co-funding, financial sustainability, and capacity building.

In response to these suggestions, Oak’s leadership approved greater flexibility in awarding small grants (under US\$100,000) for capacity-building purposes, and invested in the use of new tools, assessments, and regional work.

However, perhaps the most innovative action that the Oak decided to take was to create a new Organizational Development and Capacity Building Advisor position. The responsibilities of this position are to design capacity-building strategies, to support the program staff in assessing the grantees readiness for capacity building (including conducting capacity assessments of potential or existing grantees), and to design appropriate interventions.

Adriana Crăciun, who currently holds this position, describes the benefits of this position on capacity-building strategies (even though she does not have any formal budget):

“There isn’t a Capacity Building grant-making fund; I hold no money – I’m the ‘poorest’ officer in the foundation! This is done purposefully, so the conversations I have with the grantees about organizational development and needs – which sometimes show big gaps – are more genuine. I can have a different discussion because I don’t hold any money and have no power over the grantmaking decision, even though I am a foundation representative. So this is a more honest discussion. So we have a separation of the roles to build more trust, the grantee does not feel threatened, they don’t have a conversation with the holder of the money.”

Through an internal reflective process, Oak Foundation imagined its own solution to minimize the disruptive impact of the unbalanced power between funders and grantees. Currently, Oak spends 10-20% of its annual budget on capacity building (US\$26 million in the latest budget) and works with local intermediaries to help grantees customize solutions to best meet their needs.

# Dasra's Giving Circles: A collaborative model for scaling up impact

The founders of Dasra (Deval Sanghavi and Neera Nundy), a leading strategic philanthropy foundation in India, learned from their experience providing capacity building that a collaborative model is key to sustainably scaling up impact. Developing the capabilities of its nonprofit partners to scale up was a high priority in Dasra's organizational concept of capacity building. This is because they had observed a common tendency among their nonprofit partners to develop effective solutions for a particular social problem in a specific region, but then neglect to take the extra step of scaling them up. Dasra believed that many of their nonprofit partners simply lacked the organizational backbone to support taking that next step.

In 2010, Dasra Giving Circles emerged as an innovative hybrid between a venture philanthropy funding model and the US giving circles funding model. In giving circles, groups of individuals donate money or time to a pooled fund and decide together how to use it.

The aim of the Dasra Giving Circles has been to support social change in a more systemic way in India. Each giving circle comprises about ten Indian and non-Indian funders – philanthropists, grantmaking foundations, and corporations – that each contribute approximately US\$20,000 a year for three years,

pooling these funds to build the institutional capacity of a high-potential Indian nonprofit with a “persuasive theory of change, credible growth plan, a capable management team, and a track record of implementation” (John, 2017, p. 61). Fifteen percent of the pooled money is dedicated to Dasra's provision of capacity-building services to the grantee through mentoring and technical assistance.

Giving circle members select the grantee partner after thorough research, conducted by Dasra, of the relevant socio-ecosystem linked to the social goal that the funders agree to support.

After identifying the grantee, the funders and the grantee's leaders sign a private philanthropy memorandum (PPM) and embark on a three-year collective learning and decision-making journey towards finding the most efficient and practical path toward growing the nonprofit's organizational performance and impact. They jointly monitor progress using a quarterly scorecard template, prepared with the information gathered during the due diligence and PPM processes.

By mid-2017, Dasra had established 13 giving circles supported by 118 members and dealing with key social concerns including girls' education, sanitation, technology for health, nutrition, domestic violence prevention, anti-sex trafficking, and public education. To date, US\$5.5 million has been channeled to 13 grantee organizations across the country, catalyzing tens of millions in further funding to these organizations.

Dasra's big learning from the giving circles has been the importance of not only scaling individual

nonprofits, but entire sectors. They now run collaboratives that aim to build a community around a cause.

For example, 10to19 is Dasra's adolescents collaborative platform for convening funders, technical experts, government actors, and social organizations to reach five million adolescent girls. It emerged from the girls' education giving circle, but now includes a broader set of goals: helping girls complete secondary education, delaying the age at marriage and of pregnancy, and increasing agency. The platform's broader focus has attracted support from international partners such as Children's Investment Fund Foundation (CIFF), Kiawah Trust, the David and Lucile Packard Foundation, and the US Agency for International Development (USAID).

# Stars Foundation: An award model to capacity building

Since 2007, Stars Foundation – a London-based funder focused on advancing the rights of children and young people – has used an award model to foster capacity building while rewarding impactful local organizations operating in the Global South. To date, Stars has recognized 190 locally-led organizations in 67 countries, working with over five million people.

Stars uses this model because the methodology allows it to do the due diligence and assessment of its grantees upfront and increase local organizations' visibility. This enables Stars to leverage additional funding and peer-learning opportunities, which consequently improves their sustainability.

Across ten years of grant making, the foundation has given out three award types with three unique aims:

- The Impact Awards recognize local organizations that demonstrate high impact in their areas of work.
- The Global Rising Stars Awards recognize smaller and younger grantees that show unique potential.
- The With and For Girls Awards, started with eight other funders in 2014, recognize grantees making strong contributions to gender equality.

The winners' packages for the three awards have always been composed of flexible funding and nonfinancial support for capacity building, but Stars

has more recently made several modifications to encourage more locally-led and community-owned solutions.

One of the first changes made was to move from self-nominated candidates to proactive referrals made by a panel of experienced organizations with strong regional and local knowledge. Another notable change took advantage of the winners' presence in London for the award ceremony, incorporating a planning workshop into the award week activities. The purpose of the workshop is to build a trusting relationship between the Stars team and the grantees' leadership, to provide an opportunity to brainstorm topics, and to set priorities for more in-depth regional capacity building workshops that would follow.

In 2015, Stars delivered regional capacity-building workshops to grantees in Jordan, the Philippines, and Colombia, and in 2017 in Vietnam, Paraguay, and Jordan. All workshops were facilitated by local consultants and included site visits where grantees could observe and learn from one another. The consultants were made available afterwards to provide ongoing support to grantees as they implemented organizational changes or incorporated new skills acquired at the workshops.

The award model has fostered a strong network of organizations based on peer-to-peer learning and sharing of best practices. Stars' Director, Swatee Deepak, observes, "We had a mix of organizations that were more established and others that were less so but that were incredibly participatory, but didn't have systems in place to grow. So, by bringing them

together they could get opportunities to develop in different ways."

Stars continues to experiment with new ways of making its award model more responsive to its grantees' needs. For example, from its inception in 2014, the With and For Girls Awards has featured a panel of adolescent girls who make the final decision on which organizations receive funding. In the last two years of grant making, these girls have been recruited through organizations that have previously won the award.

Stars also works with a sister organization, Philanthropy University, which offers access to a web-based learning platform that provides massive open online courses (MOOCs) on high-demand skills and competencies such as fundraising, advocacy, and monitoring and evaluation. The platform also fosters an online community of practice that enables Stars Foundation grantees to interact with other organizations across the world to share the strategies they are using to improve organizational health.



# Sources



# Interview list

*Countries listed are each person's location.*

Monica Aleman Cunningham  
Senior Program Officer, Building Institutions and  
Networks (BUILD)  
Ford Foundation  
*United States, Funder*

Akef Aqrabawi  
President and CEO  
INJAZ - Junior Achievement in the Middle East  
*Jordan, Provider*

Harpreet Bagga  
Associate Director, Capacity Building  
Dasra  
*India, Provider*

Thais Barros Beldi  
Manager Strategy and Innovation, Facens University  
Instituto Alexandre e Heloisa Beldi  
*Brazil, Provider*

Benjamin Bellegy  
CEO  
Worldwide Initiatives for Grantmaker Support (WINGS)  
*Brazil, Provider*

Gabriel Berger  
Director, Center for Social Innovation  
Universidad de San Andrés  
*Argentina, Provider*

John Brothers  
President  
T. Rowe Price Foundation  
*United States, Funder*

Andy Bryant  
Executive Director  
Segal Family Foundation  
*United States, Funder*

Aakash Budhiraja  
Project Lead, Program Development  
Pratham India  
*India, NGO*

Bernie Burrola  
Director of International Grants  
Campaign for Tobacco-Free Kids  
*United States, NGO*

Martín Burt  
Founder and Executive Director  
Fundación Paraguaya  
*Paraguay, Funder*

Ann Canela  
Vice President  
Philanthropy University  
*United States, Provider*

Mariana Castro-Checa  
Co-Founder and CEO  
Laboratoria  
*Peru, Provider*

Yibin Chu  
Senior Vice President, Corporate Citizenship,  
Asia Pacific  
Citi  
*Singapore, Funder*

Boris Cornejo  
President  
Fundación Esquel  
*Ecuador, Provider*

Adriana Crăciun  
Senior Adviser Organisational Development &  
Capacity Building  
Oak Foundation  
*Switzerland, Funder*

Teresa Crawford  
Executive Director, Social Sector Accelerator  
Counterpart International  
*United States, Provider*

Saskia Daggett  
Director of Programmes  
Sheila McKechnie Foundation  
*United Kingdom, Funder*

John DaSilva  
Director of Corporate Engagement  
Kenan Institute Asia  
*Thailand, NGO*

John Davies  
President  
Baton Rouge Area Foundation  
*United States, Funder*

Swatee Deepak  
Director  
Stars Foundation  
*United Kingdom, Funder*

Ding Li  
Vice President  
Non-Profit Incubator (NPI)  
*China, Provider*

Daniel Domagala  
Director, Partnership Services & Bridging Leadership  
Programs  
Synergos  
*United States, NGO*

Meghan Duffy  
Vice President of Programs  
Grantmakers for Effective Organizations (GEO)  
*United States, Provider*

Hisham El Rouby  
Founder and Chairperson  
ETIJAH Youth and Development Consultancy Institute  
*Egypt, NGO*

Dave Elseroad  
Manager, Advocacy and Grants  
International Federation of Red Cross and Red  
Crescent Societies  
*Switzerland, NGO*

Amal Gomersall  
Assistant Vice President Community Development &  
Sustainability, EMEA  
Citi  
*United Kingdom, Funder*

Thomas Hilbink  
Director, Grant Making Support Group  
Open Society Foundations  
*United States, Funder*

Gaynor Humphreys  
Executive Director  
London Funders  
*United Kingdom, Funder*

Amie Joof  
Executive Director  
Inter-Africa Network for Women, Media, Gender Equity  
and Development  
*Senegal, Provider*

Neil Khor  
Program Director, Southern Region  
Think City  
*Malaysia, Provider*

Victor Ladeira  
Director of Institutional Development  
Center for Integrated Sustainable Development  
Studies and Programs (CIEDS)  
*Brazil, Provider*

Sandra Libunao  
Former Assistant Director  
Philippine Business for Social Progress  
*Philippines, Provider*

Mariana Lomé  
Director of Projects, Center for Social Innovation  
Universidad de San Andrés  
*Argentina, Provider*

Olive Luena  
Former CEO  
Gatsby Trust  
*Tanzania, NGO*

Ana María Martínez  
COO  
Laboratoria  
*Chile, Provider*

Jamaica Maxwell  
Program Officer, Organizational Effectiveness  
Packard Foundation  
*United States, Funder*

Clare Moberly  
Consultancies and Training Director  
International NGO Training and Research Centre  
(INTRAC)  
*United Kingdom, Provider*

Salvatore Nigro  
Global Vice President  
Education for Employment  
*Spain, Provider*

Winifred Ollifid  
Senior Program Officer, Community Resources  
Wikimedia Foundation  
*United States, NGO*

Mariângela Paiva  
Consulting Associate  
Instituto Fonte  
*Brazil, Provider*

Melissa Pino  
Head of LATAM Corporate Citizenship  
Citi  
*Panama, Funder*

Dana Preston  
Program Manager  
Hispanics in Philanthropy  
*Mexico, Provider*

Marygoreth Richard  
Head of Programmes  
Tanzania Women Lawyers Association (TAWLA)  
*Tanzania, NGO*

Priyanka Roche  
Program Development Manager  
Pratham India  
*India, NGO*

Andrea Rodericks  
Formerly Executive Director, Program Quality  
and Learning  
CARE India  
*United States, NGO*

Stephano Rovelli  
Programme Officer With and For Girls Award  
Stars Foundation  
*United Kingdom, Funder*

Deepti Sood  
Senior Consultant  
TCC Group  
*United States, Provider*

Marieke Spence  
Associate Director, Global Philanthropists Circle  
Synergos  
*United States, NGO*

Ingrid Srinath  
Director, Centre for Social Impact and Philanthropy  
(CSIP)  
Ashoka University  
*India, Provider*

Shannon St. John  
Founder  
Second Star Philanthropic Services  
*United States, Provider*

Juan Carlos Thomas  
Global Entrepreneurship Director  
TechnoServe  
*United States, NGO*

Heather Thomson  
COO  
Global Sisters  
*Australia, Provider*

Marissa Tirona  
Program Officer, Building Institutions and Networks  
(BUILD)  
Ford Foundation  
*United States, Funder*

# Reference list

Bellegy, B. (2018) *Unlocking philanthropy's potential: What funders can do to build strong philanthropy support ecosystems*. São Paulo: Worldwide Initiatives for Grantmaker Support. Available at: <http://wings.issuelab.org/resource/unlocking-philanthropy-s-potential.html>

Bond. (2016). *The future of funding: Funding to support a thriving civil society in the Global South*. London, United Kingdom. Available at <https://www.bond.org.uk/sites/default/files/resource-documents/bond-funding-low-res-2.pdf>

CECP. (2017). *Giving Around the Globe: 2017 Edition*. Available at: <http://cecp.co/home/resources/thought-and-leadership/?tid=62&ts=2017>

Center for Effective Philanthropy. (2008). *More Than Money: Making a Difference with Assistance Beyond the Grant*. Available at <http://research.cep.org/more-than-money>

Center for Effective Philanthropy. (2011). *Grantee Perception Report® prepared for Oak Foundation*. Available at <http://oakfnd.org/grantee-perception-reports.html>

Centre for Asian Philanthropy and Society. (2018). *Doing Good Index 2018: Maximizing Asia's potential*. Hong Kong. Available at <http://caps.org/our-research/doing-good-index-2018/>

Crawford, T. (2018). *Thoughts on an organizational strengthening program taxonomy*. Available at <https://www.capacitydividend.org/news/2018/2/28/thoughts-on-an-organizational-strengthening-program-taxonomy>

Dasra. (2011). *Beyond philanthropy: Towards a collaborative approach in India*. Dasra, Omidyar Network and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). Available at <https://www.dasra.org/sites/default/files/Beyond%20Philanthropy.pdf>

Etzel, M., & Pennington, H. (2017). *Time to reboot grantmaking*. Available at [https://ssir.org/articles/entry/time\\_to\\_reboot\\_grantmaking](https://ssir.org/articles/entry/time_to_reboot_grantmaking)

Grantmakers for Effective Organizations (GEO). (2015) *Strengthening nonprofit capacity: Core concepts in capacity building*. Washington, DC. Available at [https://philanthropynewyork.org/sites/default/files/resources/geo\\_2016\\_strengtheningnonprofitcapacity.pdf](https://philanthropynewyork.org/sites/default/files/resources/geo_2016_strengtheningnonprofitcapacity.pdf)

OECD netFWD. (2016). *Bringing foundations and governments closer. A cross-country analysis*. Paris: OECD Development Centre. Available at [http://www.oecd.org/site/netfwd/ebook\\_Cross\\_Country\\_Analysis.pdf](http://www.oecd.org/site/netfwd/ebook_Cross_Country_Analysis.pdf)

OECD netFWD. (2015). *Guidelines for Effective Philanthropic Engagement*. Paris: OECD Development Centre. Available at <https://www.oecd.org/site/netfwd/theguidelinesforeffectivephilanthropicengagementepes.htm>

Pond, A. (2015). *Supporting Grantee capacity: Strengthening effectiveness together*. New York: Foundation Center. Available at [http://www.grantcraft.org/assets/content/resources/guide\\_capacity\\_interactive.pdf](http://www.grantcraft.org/assets/content/resources/guide_capacity_interactive.pdf)

John, R. (2017). *Circles of influence: The impact of giving circles in Asia*. Singapore: Asia Centre for Social Entrepreneurship & Philanthropy. Available at <https://bschool.nus.edu.sg/images/ACSEP/Research-Papers/2017/Entrepreneurial-Social-Finance-in-Asia-Working-Paper-6.pdf>

Rockefeller Philanthropy Advisors. (2017). *Scaling Solutions Towards Shifting Systems*. Available at <https://missioninvestors.org/sites/default/files/resources/Scaling%20Solutions%20Towards%20Shifting%20Systems.pdf>

Stars Foundation. (2015). *Perceptions of trust, risk and collaboration within international funder-charity relationships*. Available at <http://www.starsfoundation.org.uk/sites/default/files/downloads/Perceptions%20of%20trust%2C%20risk%20and%20collaboration.pdf>

Venkatachalam, P. & Berfond, D. (2017) *Building the Bench at Indian NGOs: Investing to Fill the Leadership Development Gap*. Available at <https://www.bridgespan.org/leadership-development-at-indian-ngos>

Photos courtesy Bernadette Unis-Johnston/Narrative Images (page 3), Leon Contreras (page 12), and Philipp Engelhorn (page 26).

The Citi Foundation works to promote economic progress and improve the lives of people in low-income communities around the world. We invest in efforts that increase financial inclusion, catalyze job opportunities for youth, and reimagine approaches to building economically vibrant cities.

The Citi Foundation's "More than Philanthropy" approach leverages the enormous expertise of Citi and its people to fulfill our mission and drive thought leadership and innovation.

The Citi Foundation commissioned this report.

Citi Foundation



Synergos is a global nonprofit organization that brings people together to solve complex problems of poverty. We believe in the power of building trust. It's how we create sustainable solutions around the world.

This report was prepared by Synergos Consulting Services, a team inside Synergos that provides advisory and implementation support to help corporations, foundations, and nonprofit organizations achieve sustainable growth and social impact.

For more information about this report or how Synergos can work with you, contact [services@synergos.org](mailto:services@synergos.org).

