



# Funding from a Place of Trust

Exploring the value of general operating support and capacity building grants

COMMISSIONED BY

Citi Foundation

PREPARED BY



**SYNERGOS**  
Building trust works



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## Foreword

There is a growing belief among funders in the value of general operating support and capacity building as flexible forms of support that enable nonprofits to be more effective, strategic, and responsive. Yet the impact of these approaches has not been well-studied, and open-ended support has remained limited.

Nonprofit organizations play a vital role around the world in providing key services to communities in need, often working in partnership with funders, businesses, government and other nonprofits to tackle important social, economic, and environmental challenges. Limited access to flexible funding may prevent nonprofits from reaching their true potential – whether it be planning for greater strategic growth, responding to new opportunities, or meeting emerging challenges. This is particularly evident in the face of the global COVID-19 crisis, which has placed unprecedented demands on the nonprofit sector to meet the immediate needs of the communities they serve.

This report, commissioned by the Citi Foundation and produced by Synergos, explores how the provision of general operating support and capacity building can help donors improve the impact of nonprofit organizations and in turn the communities they serve. The report builds upon earlier research, Capacity Building Across Borders – A Strategy for Funders and Partners, also conducted by Synergos with support from the Citi Foundation, which examined the needs and opportu-

nities for capacity building in the global development nonprofit sector.

The research and interviews for this report were conducted prior to the onset of the COVID-19 pandemic, but the crisis lends new relevance and urgency to the findings. At a time of emergency, the importance of flexible funding cannot be understated to enable nonprofits not only to face the immediate challenge but also to mitigate longer-term impacts on the vulnerable communities they serve.

With the support of flexible funding, the organizations profiled in this report are adapting in real time to a new reality, mobilizing resources and knowledge and keeping community-based organizations at the heart of the response. Here's how:

- **The Global Fund for Children** has mobilized to support its 120 grantees around the world, using technology to reach vulnerable communities where bandwidth is limited.
- **Career Ready UK** is leaning on its trusted relationships with corporate partners to strengthen its technology platform to help young people bring closure to an interrupted school year and transition to the world of work.
- **Firelight Foundation** is mobilizing emergency funds for its grantee partners in Africa and other community-based organizations. These organizations are leading the way in helping prevent the health crisis from turning into a prolonged social

crisis, drawing on their experience with the HIV/AIDS and Ebola crises.

- **The Whatcom Foundation**, based in Washington State, USA, is coordinating a food security response, creating an emergency fund to deploy resources rapidly to locally-based organizations.

We believe funding that is free of constraints encourages a relationship of trust and creates a more equitable playing field among funders and the organizations they partner with. It is our hope that this report and its focus on greater trust and flexibility will offer the sector a set of strategies and tools that can be leveraged to meet the dynamic challenges of an uncertain future global landscape ahead.



**Florencia Spangaro**  
Director of Programs,  
Citi Foundation



**Swati Chaudhary**  
Director of Advisory  
Services, Synergos



# Executive summary

## There's no substitute for flexibility

Around the world, nonprofits are filling gaps to provide essential services to the most vulnerable and marginalized groups. While responding to pressing needs in their communities, these organizations must shoulder the added burden of managing and operating with funds that restrict the scope and timing of their activities.

In times of crisis, such as the global health pandemic that is gripping our planet, these organizations are even more critical – and all the more challenged, if they lack a solid infrastructure and cannot access a reserve of flexible funding.

There is growing consensus among donors about the importance of general operating support (GOS) and capacity building (CB) funding in supporting nonprofits working to improve lives in their communities. This is precisely the kind of funding that strengthens organizations and enables them to invest in growth and innovation. Yet efforts seem to be lagging. Not enough funders are making commitments to providing GOS and CB funding, and translating commitments into action.

Quantifying the impact of GOS and CB support to nonprofits is a difficult, time consuming and resource-intensive process. In particular, GOS – which by its very nature is not linked to specific outcomes – represents a vote of confidence from a funder to a grantee, premised on prioritizing support that goes to the whole institution, rather than to distinct projects.

The purpose of this report is to shed light on how the flow of GOS and CB funding ultimately drives the outcomes achieved by nonprofits at the community level. As such, it is an effort to understand how this kind of support creates changes – both tangible and intangible – which improve the quality or quantity of a nonprofit's results on the ground.

The report was commissioned by the Citi Foundation. Synergos conducted secondary research on the topic and consulted over 50 funders, NGO professionals, and representatives of intermediary organizations to learn about trends and insights.



# Four views into general operating support in practice

The report provides four profiles of organizations including perspectives from the grantees of some of these organizations – to illustrate how GOS and CB funding contribute to the tangible and intangible changes that ultimately drive results.

The organizations profiled in this report provide a sample of insights and stories from across the globe.



## THE FIRELIGHT FOUNDATION

The Firelight Foundation focuses on Eastern and Southern Africa. The Foundation's work with the Organization for Community Development (OCODE) in Tanzania and the Namwera AIDS Coordinating Committee (NACC) in Malawi shows how even relatively small amounts of GOS, combined with well-targeted CB funding, can open opportunities for transformational dialogue and reflection with grantees working at the community level, and for a monitoring and evaluation process that is driven by on-the-ground learning.



## WHATCOM COMMUNITY FOUNDATION

Whatcom Community Foundation (WCF) is active in Whatcom County in Washington State (USA) and is an example of how GOS and CB funds flow through institutions working within a local area, and how a major GOS infusion to an intermediary organization such as WCF can impact its grantees and work in the community. A large multi-year GOS grant transformed WCF's strategy and operations, and enhanced its engagement with local nonprofits. Testimonials from two of WCF's grantees – the Bellingham Food Bank and Sustainable Connections – provide insights into WCF's role in promoting GOS more widely.



## CAREER READY

Career Ready works across the United Kingdom to connect disadvantaged young people with the world of work. The experience of Career Ready demonstrates how GOS and CB funding prepare an organization for a strategic shift, allowing flexibility to innovate and seize expansion opportunities, generated by a policy change in the education sector. GOS and CB funds enabled Career Ready to invest in growth and innovation. Strengthened capacity and organizational systems in turn enabled Career Ready to introduce a new curriculum, expanding outreach to schools three-fold in one year.



## THE GLOBAL FUND FOR CHILDREN

The Global Fund for Children (GFC) invests in community-based organizations globally to help children and youth reach their full potential and advance their rights. GOS is built into GFC's theory of change as a key element and driver of its approach. GFC also delivers CB funds through cohorts of grantees, to enhance cross-culture collaborations. GFC shows the value of GOS combined with CB funding as an investment in long-term, trusting relationships with grantees. Further insights are provided by Arpan, a nonprofit working to combat child sexual abuse in India, and Asociación Pop No'j, a nonprofit working with indigenous communities in Guatemala.

# Top insights

- **Long-term GOS grants coupled with CB grants may be a gold standard.** They enable nonprofits to avoid a trade off between investing in capacity and in programmatic growth, and ensuring that new capacity acquired is sustained. This seems true in particular for nonprofits at an earlier stage of development, which can also get great value from GOS combined with programmatic funding.
- **Grantee readiness is an essential factor for effective GOS/CB funding results.** Readiness is a product of a variety of factors, including the nonprofit's leadership and stage of development. It determines an organization's ability to use GOS and CB funds to better fulfill its mission and impact. A crucial aspect of readiness is the willingness on the part of the nonprofit to undergo the changes necessary to move from a project mindset to a broader impact mindset.
- **Invest in GOS and CB funding early and for the long haul.** This point cannot be overemphasized: It takes time to strengthen an organization and to achieve results, and the benefits of GOS and CB funding play out over a timespan that exceeds most grant terms. Grant terms of 5-7 years, rather than the prevailing ones of 1-3 years, should become the new standard.
- **GOS is a form of "trust capital."** A trust-based relationship is established when funders provide GOS (along with or in combination with CB or programmatic funding). Trust capital has the effect of re-balancing the power differential between donor and grantee and creating an effective two-way communication in which both parties learn and make adjustments.
- **The establishment of a level playing field is an important intangible benefit of trust capital.** This in turn leads to a more honest relationship and greater confidence on the part of the nonprofit's leadership and staff in their own potential. It helps overcome a deficit mindset and serves as a license to innovate. At its best, the relationship is a two-way street in which learning and capacity building flow both ways. These intangible effects manifest as a nonprofit shifts its culture and operates with a greater sense of agency. These changes greatly enhance

tangible changes such as improved fundraising capacity, talent acquisition and retention, monitoring and evaluation skills, database management, and so on.

- **Intermediaries can champion GOS and CB funding.** In a complex ecosystem, many institutions that channel funds to nonprofits working at the community level are foundations, community organizations, or NGOs that operate both as grantees and donors. They understand the constraints faced by nonprofits and pass on the burden of restricted funding or the advantages of GOS from their own donors to their grantees. This role leaves them uniquely well-positioned to advocate for GOS for themselves in order to transfer its benefits to the organizations they support.
- **It's difficult to trace the impact of CB and GOS funding on results.** This report identifies only one study providing quantifiable evidence of the impact of CB funding. Grants and evaluations are often not structured with methodologies to link CB funding to outcomes. Some donors gather data on their grantees' organizational capacity but use it primarily for internal learning. In the case of GOS, its very flexibility does not lend itself to establishing baselines and timelines. One promising new methodology known as "Outcomes Harvesting" – which begins with results and traces back causality in a collaborative process between donor and grantee – may be effective for monitoring, evaluating and learning.
- **GOS and CB funding have a key role to play in monitoring, evaluation, and learning.** Social outcomes are more difficult to measure than business outcomes. They are also expensive to measure, yet nonprofits shoulder the burden in terms of providing evidence of outcomes. Investments in GOS and CB funding can elevate monitoring, evaluation, and learning (MEL) to a strategic level and generate data and insights to further boost nonprofits' achievements. Cohorts of nonprofits, chosen strategically by intermediaries and funders, can also serve as effective vehicles for identifying links between CB and GOS support and outcomes.



# Introduction



# Understanding a new approach

The Citi Foundation commissioned Synergos to conduct research exploring the causal link between the provision of general operating support (GOS) and capacity building (CB) funding to nonprofit organizations and the outcomes achieved at the community level. The research centered on answering a single question:

## WHAT DO GENERAL OPERATING AND CAPACITY BUILDING SUPPORT ENABLE WITHIN NONPROFITS THAT DRIVES COMMUNITY IMPACT?

This paper presents the insights and findings from secondary research combined with dozens of interviews with individuals in the development field, including donors, intermediaries, and nonprofits that have experience with GOS and CB funding. From the research and interview process, we selected four profiles that are illustrative of the salient themes and findings regarding the contribution of GOS and CB funding to community outcomes.

### FIRELIGHT FOUNDATION

A foundation supporting community-based organizations that build sustainable and scalable solutions to challenges faced by children and youth in Eastern and Southern Africa. This includes the perspective of two grantees: The Organization for Community Development (OCODE), a nonprofit working to improve children's education in Tanzania, and the Namwera AIDS Coordinating Committee (NACC), a nonprofit that strengthens communities in under-served rural areas of Malawi.

### WHATCOM COMMUNITY FOUNDATION

A community foundation whose mission is to improve lives in Whatcom county, Washington State (United States), including insights from two grantees: Bellingham Food Bank, a local nonprofit focused on food security, and Sustainable Connections, an organization working to develop economic opportunities in the county.

### CAREER READY

A United Kingdom-based nonprofit working across the country to transform young lives and boost social mobility by connecting youth with employers and volunteers from the world of work.

### GLOBAL FUND FOR CHILDREN

A global nonprofit that invests in community-based organizations around the world to help children and youth reach their full potential and advance their rights. The profile includes insights from two grantees: Arpan, a nonprofit working to combat child sexual abuse in India, and Asociación Pop No'j, a nonprofit that empowers youth, women and immigrant children from indigenous communities in Guatemala.

The examples provided in this report shed light on lessons that funders and others in the ecosystem may use to improve their practices.

Synergos conducted secondary research on flexible funding and consulted over 50 funders, NGO professionals, and representatives of intermediary organizations to learn about trends and collect insights.



**What do general operating and capacity building support enable within nonprofits that drives community impact?**



# Background, trends, and key findings

# Background and trends

## WHAT IS GENERAL OPERATING SUPPORT?

General operating support (GOS) is unrestricted funding that is not limited by timing or use; the grantee is free to choose how to use the funds and can put it towards operations, programs, or both. GOS can be viewed as the “working capital” for nonprofits. This may also be referred to as core operating support, core funding, or flexible funding.

## WHAT IS CAPACITY BUILDING FUNDING?

Capacity building (CB) funding is financial support to strengthen skills, capabilities, and systems of a grantee to improve its overall organizational health and position it for growth and scaling. Some funders prefer the term “capacity development,” which is more consistent with an approach focused on enhancing opportunities rather than filling gaps. Organizational effectiveness grants are also a form of CB funding.

## HOW ARE FUNDERS USING GENERAL OPERATING AND CAPACITY BUILDING SUPPORT?

While a growing consensus has emerged among funders on the value of GOS and CB grants for social impact organizations, it has not been followed by a significant increase in this kind of support in recent years.<sup>1</sup> In 2018, general operating funding was estimated at only 20- 25 percent of all foundation giving. Although this has started to change, donors remain reliant on restricted programmatic grants, whose results are easier to track over the relatively short time-spans they prefer.

It is challenging to draw a direct causal link between the flow of GOS and/or CB funds and actual results. The costs of setting up and/or maintaining a strong monitoring, evaluation, and learning (MEL) system toward this end are often too high for nonprofit organizations to cover on their own. This can leave organizations in a paradoxical catch-22, in which they need GOS and CB support in order to get them.

Furthermore, GOS funds are often used by nonprofits to fill gaps not covered by other funders, as programmatic funding rarely covers the full cost of running a program. Typical overhead rates do not capture true administrative costs or meet critical needs such as staff recruitment and training. This use of GOS advances programmatic outcomes, but ultimately fails to offset the “starvation cycle” in which nonprofits too often find themselves.<sup>2</sup>

Our research indicates that when GOS is utilized for additive purposes rather than to fill gaps, and is combined with well-designed CB, it can be instrumental in catalyzing changes in organizational culture – promoting learning and innovation, building confidence, and encouraging risk taking –contributing vitally, if indirectly, to outcomes.

1 A study from the Center for Effective Philanthropy states that in the donor field as a whole, there is “very little change over time in grant length or the provision of operating support. When we look at our GPR dataset as a whole, about 50 percent of foundation grants are single-year grants, and this has not changed over time. Similarly, on average in our GPR dataset, we see that only 20 percent of grants are for general operating support. Again, this is not changing over time.” Orensten (2019).

2 Di Mento (2019).

## Key findings

### **Together, long-term GOS and CB funding may represent a “gold standard.”**

Long-term GOS coupled with CB grants may represent a gold standard for helping nonprofits achieve sustained outcomes. This seems particularly true for nonprofits that are at an earlier stage of development. Grantees who receive multi-year GOS alone may be more likely to use it to fill programmatic funding gaps rather than invest it in their long-term capacity. Grantees who receive CB grants alone and do not yet have a solid infrastructure in place may be less likely to be able to ultimately sustain the new capacities acquired through the CB activities they can undertake.

One funder remarked that in combination with GOS, infusions of CB funding can serve as “booster shots” that help a grantee focus on priorities for its long-term growth. GOS combined with programmatic support can also be effective, especially for smaller organizations. Organizations that are young or dependent on restricted programmatic funds are even more inclined to use GOS to fill gaps. GOS can help such organizations start a dialogue with their funders about long-term opportunities.

### **Consider grantee readiness for effective GOS/CB results.**

When making GOS and CB grants, the aspect of grantee readiness merits special consideration. An organization’s leadership and stage of development are crucial factors in calibrating investments in GOS and CB funding and in setting attainable expectations. Grantee readiness means that the nonprofit can use GOS and CB funding to better fulfill its mission and impact.

However, readiness cannot always be gauged by a nonprofit’s age or stage of development and may be challenging to assess upfront. It requires leadership buy-in and staff capacity on the part of the nonprofit, but also a willingness to undergo a shift in organizational mindset and culture to achieve intangible changes such as those mentioned above.

The Career Ready profile shows how GOS and CB support to an organization that is ready for a strategic shift gave it the flexibility to create a new model, seizing the



opportunity created by a new policy in the education field in the United Kingdom. This in turn boosted Career Ready's outreach three-fold in one year.

Some funders use GOS as the primary tool to strengthen already high-performing nonprofits and the nonprofit ecosystem as a whole and to promote a mindset shift around pursuing impact goals rather than project goals.

### **Invest in GOS and CB early, and for the long haul.**

Decisions regarding the timing and the length of grant support seem to play a key role in the effectiveness of GOS and CB funding. For example, GOS may be the most appropriate funding at “stage zero”<sup>3</sup> for building a new relationship, preceding other funding for CB or programs.

Organizational health improvement can be a long-term process, which calls in turn for long-term support to grantees. All of the examples described in this paper involve long-term relationships between donors and grantees, in which grant terms exceed the 1- to 3-year grant cycles that are widely seen in the development field.

The contribution of programmatic funding to results may not become apparent until well after the end of the grant term. In a similar fashion, the results enabled by GOS and CB funding may develop beyond the term of the funding. Awareness of this fact is increasing, as highlighted by the World Bank in post-grants evaluations.

### **GOS is a form of “trust capital.”**

GOS and CB grants are linked to important positive shifts in the funder-grantee relationship that can improve the grantee's ability to achieve social impact. The key enabler of these changes is the trust-based relationship that is established when funders give GOS combined with CB.

A relationship based on trust is a decisive factor for improving organizational effectiveness and sustainability in a complex setting. This is true for both smaller organiza-

tions and larger, more independent ones. GOS in particular, is often seen as a form of “trust capital” that can equalize the power differential between grantor and grantee.

GOS is considered the most important tool to address the power imbalance between grantees and funders by The Trust-Based Philanthropy Project.<sup>4</sup>

### **Trust capital has both intangible and tangible effects.**

A trust-based relationship creates a more level playing field between donor and grantee that allows for an authentically aligned partnership. The Firelight Foundation example illustrates how such a relationship can evolve into a true partnership in which capacity building benefits flow in both directions.

A trust-based relationship also gives both partners license to innovate and free grantees from a deficit mindset. Such intangible changes often lead to a shift in a nonprofit's culture, toward a deeper sense of security that allows for greater agency. A few examples of these changes are illustrated in the list below.

#### **INTANGIBLE SHIFTS ENABLED BY A TRUST-BASED RELATIONSHIP**

- |   |   |  |
|---|---|--|
| <b>FROM UNCERTAINTY</b>   | → | <b>TO CONFIDENCE</b>   |
| <b>FROM A DEFICIT MINDSET</b>                                   | → | <b>TO A GROWTH MINDSET</b>   |
| <b>FROM RISK AVOIDANCE /A NARROW FOCUS ON PROGRAM EXPANSION</b> | → | <b>TO INTERVENTIONS DRIVEN AND DESIGNED BY NONPROFITS AND THEIR BENEFICIARIES</b>              |
| <b>FROM A POWER DIFFERENTIAL BETWEEN DONOR AND GRANTEE</b>      | → | <b>TO A MORE EQUAL PARTNERSHIP WITH ALIGNED GOALS (DONORS AS THINKING PARTNERS)</b>            |
| <b>FROM A ONE-TIME CONVERSATION</b>                             | → | <b>TO A DIALOGUE BETWEEN DONORS AND GRANTEES, AND BETWEEN GRANTEES AND THEIR BENEFICIARIES</b> |

3 Synergos and Citi Foundation (2018).

4 The Trust-Based Philanthropy Project is a five-year, peer-to-peer funder initiative that seeks to “reimagine traditional funder-grantee relationships.” It aims to create a trust-based philanthropic ecosystem.

The role of GOS as trust capital redresses the power imbalance and reinforces partnerships between funders, organizations, and those they serve. Grantees can be candid about their challenges instead of saying what they think the donor wants to hear. Notably, GOS can signal trust from grantor to grantee, opening honest conversations about capacity needs and CB support, and fostering a closer relationship.

**A trusting relationship can also enable more tangible changes, including:**

- The capacity to leverage additional funding from new sources, which in turn generates investment in programmatic growth;
- The ability to hire required staff, including at the senior level;
- Strengthened staff skills and retention of talented staff;
- Increased capacity in monitoring and evaluation;
- Improved effectiveness through the creation of common platforms or databases;
- The establishment of financial management processes and systems;
- The development of a long-term strategy and planning in place; and
- Increased connections with other stakeholders for collective action.

**Intermediaries are well-placed to champion GOS and CB.**

In a complex ecosystem in which funding often flows through multiple organizations, intermediaries play a vital role in channeling GOS and CB funding. These include international, national, and community foundations, as well as international nonprofits. Such organizations are grantmakers as well as grantseekers, and therefore can understand the perspective of both. They experience the constraints faced by nonprofits, and pass on the burden of restricted funding or the advantages of GOS from their own donors to their grantees. This role leaves them uniquely well-positioned to advocate for GOS for themselves in order to transfer its benefits to the organizations they support.

5 Templeton (2009).

The profiles that follow include the example of the Whatcom Community Foundation, which works in a localized way in the United States; the Firelight Foundation, which channels grants to select countries in Africa; and the Global Fund for Children, an international nonprofit that focuses on small organizations globally. These organizations act as a bridge and keep a closer “ear to the ground” to be better attuned to the challenges faced by organizations working at the grassroots level.

Cohorts of nonprofits, chosen strategically by intermediaries and funders, can also serve as an effective vehicle for identifying linkages between CB and GOS and program outcomes. In the design of cohorts, it is important to conduct a systems-level mapping exercise to identify gaps in capacity at the sectoral level and make strategic investments that can help organizations accomplish their long-term goals. The Global Fund for Children’s Step-Up model, for example, brings together grantees working to address similar issues from different geographies, encouraging peer-to-peer knowledge exchange and learning and cross-country collaborations.

**Quantifiable evidence CB and GOS impact on results is hard to find.**

Based on our research, few assessments of the quantifiable impact of CB on nonprofit results are readily available. There are examples of donors who regularly gather data on their grantees’ organizational capacity; however the data is used for reflection and dialogue – to course-correct and plan capacity building efforts going forward in a collective effort with their grantees – rather than for external dissemination. In other cases, grants and evaluations may not be methodologically structured to make direct linkages to outcomes possible.

An extensive study by Counterpart International found only one example of quantifiable impact of a CB program, relating to the Australian Centre for International Agricultural Research. The CB intervention adopted a clear theory of change from the onset, making it possible to measure and attribute a return on investment of \$422.7 million of the total \$1,988 million net present value attributable to capacity-building activities.<sup>5</sup>



Synergos photo

In the case of GOS, it can be difficult to set up a theory of change in advance. The very flexibility of the funding does not lend itself to establishing baselines and time-lines. From our research, the outcomes harvesting methodology emerged as an adaptive and collaborative tool for monitoring, evaluating and learning for this type of funding.<sup>6</sup> This methodology uses qualitative evidence verified for accuracy through substantiation feedback from stakeholders' anecdotal testimonies, and longitudinal studies supported by quantitative data. It allows nonprofits to define target outcomes and work backwards to co-design assessment tools.

**GOS and CB funding can play an essential role in strengthening monitoring, evaluation, and learning.**

Donors demand evidence of outcomes, yet the onus remains on nonprofits to prove their results. This can be a heavy burden, because social outcomes are more difficult to measure than environmental or business ones and typically occur over relatively long-time horizons, which exceed most grant terms.

Furthermore, the systems needed to measure social outcomes are expensive and often unfunded or underfunded. Based on a study by the Urban Institute, "...establishing a program's impact entails a robust test of treated and control or comparison individuals, studied over time. So, when funders require their grantees to report on their "impacts" – as is often the case – they may be unintentionally asking for something that most nonprofits are in no position to provide."<sup>7</sup>

GOS and CB grants can serve as crucial investments that elevate a nonprofit's monitoring, evaluation, and learning (MEL) systems to the strategic level. This can assist the organization in moving past short-term donor requirements, toward generating quality data and learning that feeds back into gauging impact of its program and overall mission.

6 Outcome harvesting is used to identify, monitor, and learn from changes in social actors, by harvesting bites of detailed outcome information with colleagues, partners, and stakeholders. The information describes what changed, for whom, when and where, why it matters to the development objective-the significance of the change-and how the program contributed to the change. Gold, Wilson-Grau and Fisher (2014).

7 Theodos, Buss, Winkler & McTarnaghan (2016), p. 3.

# Profiles

## Exploring the contributions of general operating support and capacity building funding to community outcomes.

The following four profiles illustrate practitioners' perspectives and were selected to represent the range of institutions and funding arrangements involved in GOS and CB grants. They provide a cross-section of the types of institutions giving and receiving them, including a mix of local, national, and international nonprofits.

The profiles include three examples of funding intermediaries – institutions that are both grantees and grantors of funds to nonprofits – involved in local (at the county level), regional, and global re-granting. They offer a valuable perspective on how GOS and CB funding flow through intermediary organizations to the nonprofits working at the community level.

Finally, the profiles represent geographic diversity, including examples of organizations working in Africa, Asia, Europe, Latin America, and North America.





## **Firelight Foundation**

Demonstrating the benefits of a trust-based donor-grantee relationship.

### **Why the Firelight Foundation?**

The Firelight Foundation's work with the Organization for Community Development (OCODE) in Tanzania and the Namwera AIDS Coordinating Committee (NACC) of Malawi shows how even small amounts of GOS, combined with well-targeted CB funding, can open opportunities for transformational dialogue and reflection with grantees working at the community level.

This empowers grantees to investigate the root causes of the problems they seek to solve and design and implement systemic solutions, drawn from input of those most affected.

The Firelight profile demonstrates how a trust-based relationship can help level the playing field between donor and grantee and help transform an M&E system into a real MEL system, driven by on-the-ground learning and not just by results assessment.

This profile also illuminates how GOS and CB funding can play a role in shifting a grantee's approach to its own work and community engagement.



## In a nutshell

The Firelight Foundation, based in the United States, with grantees across southern and eastern Africa was founded in 1999 with a mission to channel money directly to local African organizations that were supporting community care for children made vulnerable by the HIV/AIDS pandemic.

Today, Firelight is a multi-donor fund that raises money from foundations, individuals and institutions to support thematic and geographic clusters of community-based organizations that are working with their own communities to facilitate positive

systemic changes for children and adolescents. For example, Firelight currently supports seven clusters of grantees working together with each other and with their communities to act on a local and national levels to improve early childhood outcomes, to explore and address the root causes of child marriage, and to explore and change the dynamics that devalue adolescent girls.

Firelight prioritizes local hires who deeply understand its served community, along with African technical partners, trainers, researchers to allow for long-lasting, contextual relationships between grantees and their chosen mentors.

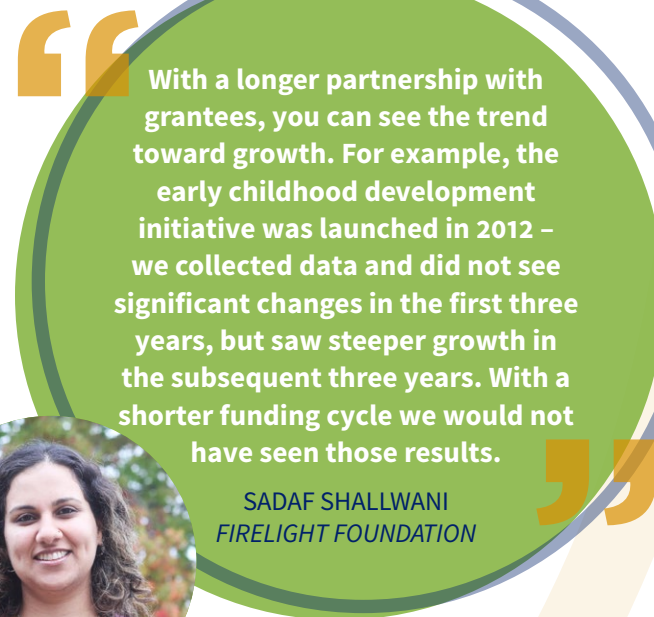
Most recently, through its work with 52 grantees in the region, Firelight reported directly improving 131,981 lives and indirectly improving 199,654 lives among children, youth, parents and caregivers, and community members. (Firelight Foundation Impact Report, fiscal year 2018).

## Strategy and funding mechanisms

Firelight's current strategy, finalized in 2019, centers on community-driven action, advocacy, and sustainability, with an emphasis on a consultative and participatory approach. Firelight's approach was developed following extensive 9-country primary research conducted in 2018, designed to give voice to African community organizations and what they truly need from donors, researchers, technical providers and others.

Through data analysis and surveys of its grantees on their definitions of success, CB needs, and what the Foundation could do better, Firelight developed a foundational knowledge base for itself and its donors. This resulted in a theory of change that put communities at the center, emphasizing the mobilization of community action, catalyzed by grantee organizations.

Firelight provides a mix of GOS and CB support to both individual grantees and to each grantee cluster as a whole. CB support is provided across a range of areas, including root cause identification, stakeholder mapping and engagement, advocacy, community



**With a longer partnership with grantees, you can see the trend toward growth. For example, the early childhood development initiative was launched in 2012 – we collected data and did not see significant changes in the first three years, but saw steeper growth in the subsequent three years. With a shorter funding cycle we would not have seen those results.**

**SADAF SHALLWANI**  
**FIRELIGHT FOUNDATION**

movement building, learning and evaluation, and traditional organizational development. While GOS grants may not represent a sizable share of the budget of grantee partners, Firelight commits to GOS over a period of several years.

Firelight uses two kinds of CB investments: the first consists of workshops, technical training, and one-on-one mentoring, delivered by local African consultants or by a local peer community organization working as a leader or mentor to the cluster. The second is through CB grants which, similarly to organizational effectiveness grants, can be used for a variety of purposes ranging from strategy development to learning exchanges to building an M&E system.

## Approach to monitoring and learning

In terms of MEL, Firelight supports its grantees to map out their own participatory community data collection processes and to work with the community to collect baselines, set goals, activities, impact and indicators. In this way, the community owns the problem, the actions, the learnings and the data. Community action plans are not limited by the funding parameters, but feed into the partners' broader set of processes and systems, so that the planning and action is driven and monitored by the grantee and their community. Firelight does not see MEL within the limited scope of specific programs but encourages organization-wide improvement of data entry and management, helping grantees collect, understand and share back to the community their own organizational development, the community's progress and their overall impact.

Qualitative evidence plays an important role, as does an understanding of the context and goals of each organization. For some grantees, the priority may be growth, while for others it may be a more strategic approach to community action aimed at empowering communities to take greater ownership. In all cases, Firelight provides CB to help its grantees quantitatively and qualitatively document their progress, learnings and evidence for local and global academic and policymaker audiences.



**Firelight is the backbone of the big things we are doing as an organization.**

JOSEPH JACKSON  
OCODE



## The mediator and catalyst role

As an institution that operates both as a grantee and grantor, Firelight seeks to increase funding cycles and maximize flexibility of funding from its own donors in order to pass the benefits of long-term GOS to its grantee partners. Testimonials from Firelight grantee partners indicate that complex issues at the community level cannot be tackled in isolation.

Firelight plays a mediator role between the grantee and the donor community and seeks to influence the donor landscape by presenting learnings and encouraging trust-based funding, disseminating its body of knowledge in order to strengthen the case for





long-term GOS in the donor community. In parallel, the support from Firelight has helped grantee partners develop and assert their voice as experts in the community. For example, Firelight supports its own grantee partners to participate in donor convenings to advocate for GOS.

### **THE ROLE OF GENERAL OPERATING SUPPORT AND CAPACITY BUILDING**

Insights on the role of GOS and CB funding at Firelight are drawn from the experience of two Firelight Foundation grantees: OCODE of Tanzania and NACC of Malawi, both introduced above.

Photo credit: Firelight Foundation

## **The Organization for Community Development (OCODE) in Tanzania**

OCODE was founded in 1999 as an informal group to improve livelihoods and empower youth in Tanzania. The core program promotes access to education for children in urban settings. In implementing this program, OCODE became aware of the many environmental challenges surrounding the children, such as poverty and lack of proper nutrition. Responding to these, it built programs around education, including community savings groups and income generating activities for families.

OCODE builds the capacity of teachers and organizes community parent groups to strengthen linkages between schools and the parent community. OCODE also runs programs aimed at empowering adolescent girls and teaching employability skills to adolescents unable to attend secondary school.

Before entering into a partnership with Firelight, OCODE operated almost exclusively with restricted program funding. At the time, while school buildings, materials, and training were all in place, OCODE observed that after graduation, too many children were still not numerate and literate. In response, it targeted a one-year, \$10,000 grant to support efforts to benefit children who struggled in these areas, enabling OCODE to train teachers and organize remedial classes. Of 700 children recruited in the first year, 600 mastered their skills. The relatively small grant for this literacy

project served as the entry point into a seven-year relationship, during which Firelight provided OCODE with both GOS and CB support.

Firelight was the first organization from which OCODE received GOS, combined with programmatic funding, based on a road map that was jointly developed by the two institutions. CB support from Firelight enabled OCODE to develop longer-term strategic planning and set up an effective M&E system.

While the funding from Firelight is a small fraction of OCODE's total budget, which consists of large programmatic grants, the flexibility has proven extremely valu-

**“ We didn’t need a consultant to come with us, Firelight gave us the [human-centered design] approach and we took it to the community. With this we understood what we were doing was based on our own perception, not the view of the service user. Now we’re able to engage the student. Now we see the impact. ”**

**SAEED WAME**  
NACC



able, enabling the organization to work with growing confidence. OCODE tries to invest GOS funds wisely, for example in the skills and knowledge of the organization and staff, which then helps leverage more funds to grow programs and has also attracted additional GOS funding from other donors.

GOS also provides the stability OCODE needs to invest in its human resources and maintain a high quality of work, improving overall effectiveness. The key is for OCODE's leadership to prioritize needs and decide where funds can best help the organization advance.

Highly structured or restricted funding often makes it more difficult for community organizations to fully

address what they understand to be the most urgent needs. For example, while OCODE had programmatic funding for work with adolescent girls, they had learned that working with boys was equally vital to women's empowerment. With its GOS, OCODE was able to rapidly deploy additional funding for a pilot project that included boys. The ability to invest in areas that have a large marginal impact can make a huge difference at the community level. With both GOS and CB funding from Firelight, OCODE has developed a model that has been replicated (in whole and in part) and scaled up by other organizations, thus enabling OCODE to play a role in shaping the larger ecosystem.

### **Namwera AIDS Coordinating Committee (NACC)**

NACC is a grassroots organization launched in Malawi in 1996 in response to the AIDS pandemic. By 2018, the organization had grown to include 28 staff and over 5,000 volunteers. NACC's shifted its interventions over time from serving people affected by or at risk of passing HIV to a more comprehensive approach centered on the vision of building a resilient and prosperous community. In the words of NACC's founder, "We focus on how we can help people in the community achieve their goals."

NACC plays a key role for Firelight, as a Lead Partner for the cluster of grantees in Malawi, bringing them together for quarterly meetings, exchange visits, and connections with the government technical working

**NACC plays a critical role in building Firelight's capacity. We have learned from NACC about how grassroots organizations facilitate community-driven change, how local actors can influence systems to create sustainable change, how we as funders can improve in our approach and practices, and how we need to continue to work to be more equal partners in this long-term relationship.**

**SADAF SHALLWANI**  
*FIRELIGHT FOUNDATION*



Firelight has provided both general operating and programmatic support, building relationships based on mutual understanding and trust. Over time, NACC has grown comfortable sharing openly with Firelight on areas of progress and areas that need more support. NACC reports that the relationship with Firelight helped it develop a strong sense of what it could become and how it could reach even greater potential.

GOS from Firelight helped NACC improve the way it identifies which issues to address within the community. It also transformed the way in which it partners with community members to identify solutions. Combined with CB support, flexible funds have been used to gather knowledge from individuals who are “living with the problem” and working with those individuals to design solutions. CB support from Firelight helped NACC understand the behavior of its service users, adopt human centered design and work with empathy to understand and address the root causes, and get feedback and solutions directly from the community.

NACC does not feel compelled to “impress” Firelight as a donor and is open about sharing its work and learnings. It has invited Firelight to randomly select from among its beneficiaries so that the partners could visit them and learn how the programs help them.

NACC strives to ensure that resource investments lead to educational outcomes. Access to education is often not enough to keep youth in school; NACC has been successful in identifying and addressing some of the

root causes that prevent youth from getting an education. In the case of an adolescent girl who returned to school after giving birth, NACC learned that mocking by peers and the community was the root cause of the girl’s struggle to stay in school. Working initially with the girl and her family, NACC launched an initiative to promote the idea that everyone, including young mothers, has a right to an education. Through targeted messaging and the organization of an outdoor “community theater”, NACC helped achieve a shift in the community’s perception on the broader issue of the importance of access to education. These changes in the design of the program were made possible by GOS.

### **KEY LEARNINGS**

#### **Small amounts of GOS, combined with targeted CB funding, can have a multiplier effect in leveraging additional donor funding.**

Firelight collaborates with grantees to determine the areas for long-term GOS combined with CB support. This has a multiplier effect in terms of mobilizing additional funds from other donors and giving grantees the flexibility to invest in the areas that are critical for their organizational health and growth. GOS helps build confidence of grantee leaders and this confidence in turn can help grantees engage more proactively with other donors.

#### **Multi-year GOS stems from, and reinforces, a relationship based on trust.**

GOS is a form of change capital that originates from the funder’s willingness to trust its grantee partners and fosters a relationship based on trust. Firelight’s grantee partners emphasized the importance of GOS as the linchpin in a relationship in which they are being treated as equal partners.

#### **GOS can unlock blind spots in working with communities.**

When acting on the directives and requirements of their donors, even community-based organizations can develop blind spots in assessing the needs of their own community and forgo the opportunity to develop participatory solutions. The flexibility of GOS allows organizations to engage more deeply with the community, working hand in hand with members of the community in designing solutions.

#### **A collaboratively-designed MEL process serves as both a strategic and learning tool.**

Working with Firelight on MEL encouraged the grantee partners to see this function not as a requirement for given grants but as an organization-wide learning and assessment tool. This in turn helps elevate MEL to a strategic level.



## Whatcom Community Foundation

Illustrating the power of intermediary organizations as trust-builders.

## Why the Whatcom Community Foundation?

The Whatcom Community Foundation (WCF) is an example of how GOS and CB flow through institutions working within a local area, and how a “windfall” contribution of GOS to an intermediary organization such as WCF can impact its grantees and work in the community.

WCF and its grantees work in Whatcom County in the State of Washington in the United States, with a population of about 220,000. WCF received a large multi-year GOS grant that transformed its strategy and operations, and increased its engagement with local nonprofits that otherwise would not have received non-programmatic grants to enhance their performance.

In addition, the flexibility of the large infusion of funds allowed WCF to work with government to improve public policies in the Whatcom community.



### In a nutshell

The Whatcom Community Foundation’s mission is about connecting people, ideas, and resources across the community it serves. With about \$40 million in assets, the foundation operates in Whatcom county, Washington. WCF plays a convening and community engagement role, positioning itself as both a philanthropic actor and community builder, striving to take on an entrepreneurial role in tackling challenges faced by the community. WCF typically funds in the range of \$3-4 million per year.

Photo credit: Bellingham Food Bank

### What is WCF’s funding profile?

About half of WCF’s annual operating budget is generated by fees charged on a number of permanently endowed funds that are administered by WCF itself. WCF also generates fee income on non-endowed funds and it raises funds from individuals including members of its board. Most individual gifts come from donor-advised funds (DAFs). Other sources of income include program funds, nonprofit CB activities, and returns from an endowment fund. The majority of donations to WCF received carry some type of restriction on their use.

Recently WCF received a major infusion of GOS from the Satterberg Foundation, a private family foundation headquartered in Seattle which focuses its funding on select areas of three states in the Western United States. The foundation’s mission is to promote a just society and a sustainable environment, prioritizing organizations that engage across multiple issues. The foundation provided a multi-million, multi-year grant to WCF, initially over the term of three years, with a subsequent renewal for three years.

### How did GOS advance WCF?

The large GOS grant from the Satterberg Foundation was intended to be transformational rather than used to expand current programs and operations. The only directive from the foundation was that WCF should decide how the funds could be used “to be the best community partner it could be.” There were

no limitations imposed on the use of the funds – WCF could direct them to anything ranging from regranteeing, to Capacity Building (CB), to hiring new staff.

In response, WCF embarked on an extended iterative process of reflection and inquiry, involving several of its partners, processes, and ideas. WCF reviewed its Board operations, strategic framework, staff coaching, new endowments, community campaigns, and multi-year grants to its own grantees. The WCF Board was initially not fully comfortable with the flexibility of the funding. The concept of donor intent is central to community foundations and GOS grants are given with



It took at least a year to understand what it would take to accelerate, it took time to understand and find comfort in the flexibility of the funds. It took time to believe that we could rethink everything.

MAURI INGRAM  
WHATCOM COMMUNITY  
FOUNDATION





an open hand, the only intent being for the recipient to work toward its full potential. This discomfort pushed WCF to reimagine the relationship between board and staff and between grantees and funders, expanding the boundaries of what could be achieved. Even though WCF developed a good sense of the direction it wanted to go, technical assistance and facilitator support proved important in making the best use of GOS.

### **What is WCF's funding approach and how did GOS change WCF as a funder?**

WCF makes a limited amount of GOS grants to nonprofits operating in the county. While GOS is viewed as a best practice, it is limited by the restric-

tions on donor funding flowing to WCF – thanks to the large infusion of GOS – WCF has been able to expand the GOS support it provides to its grantees.

WCF encourages its grantees to use GOS in the way they feel is best in order to improve their operations and mission. WCF also provides facilitators and technical assistance, which can serve as a sounding board, reinforcing the aspirations of organizations.

Despite this sizable amount of GOS, WCF has had to be intentional and purposeful with its grant-making, as the potential uses inevitably pushed the boundaries of available funds. WCF prioritized and allocated resources to key projects that they previously had been unable to fund, such as capital requests. The GOS provided leverage in WCF's engagement with donors. For example, WCF was able to approach advised committees of philanthropists to proactively propose collaborations in areas of mutual interest, bringing in some of its own resources.

WCF is also helping to build capacity in the donor community. WCF strives to engage deeply with donors who are giving through DAFs, providing guidance and advocating for flexible funding. The leadership of WCF, which manages the DAFs, serves as a de facto intermediary and advisor to them, encouraging increased flexibility in funding.

Public policy interventions such as building capacity of government officials and promoting collaboration



**By operating with trust and respect through unrestricted support, we find organizations are able to be more creative and bold, and able to build more generational and long-term change within their organization and community.**

**CAROLINE MICELI**  
SATTERBERG FOUNDATION



between politicians with opposing positions are also new initiatives that were only possible because of GOS. For example, WCF learned from community members that the way the public engages with public policy – around a range of issues, including zoning, water and school administration – was essentially fractured. With a facilitator hired with Satterberg support, WCF brought together community leaders who interact with the public – ranging from superintendents to city government, elected officials, and nonprofit organizations – and took them through a course on community engagement, which helped build this skill set across the group and promote a more interactive process.



This and other projects – such as a “bubble project” bringing together people from opposite ends of the political spectrum – encouraged WCF to think about more initiatives at the core of community building, that would bring together people who would not normally engage with each other. By engaging in the community in this way, WCF feels it has been able to demonstrate the relevance of community foundations. GOS therefore provided the opportunity to address issues that can be identified only if a funder has the time and scope to listen deeply to the community. Reduced grant management demands freed WCF’s time to engage with the community. The response from grantees to the increase in WCF flexible funding has been extremely positive – the flexibility and freedom are highly appreciated, along with the lack of onerous reporting requirements. Thus, WCF has been able to build on its trusting relationship with its main GOS funder, strengthening bonds of trust with its grantees in the community.

### THE ROLE OF GOS AND CAPACITY BUILDING

Below are the experiences of two WCF grantees: the Bellingham Food Bank and Sustainable Connections. The former gives a concrete example on the responsiveness to community needs that GOS provides, while the latter shows how WCF funding strengthened its ability to get timely market data needed when you support small B corporations.

### Bellingham Food Bank

The Bellingham Food Bank (BFB) focuses on alleviating problems of food insecurity working with pantries and 15 social service programs; two thirds of its activities are the provision of free groceries to the community. BFB is driven by community needs and advocates with donors for support to fill those needs, operating through an informal structure and keeping their ears to the ground by talking to food pantry customers and local partners.

BFB has a \$2 million annual budget, one-third of which is funded by restricted government funding. WCF represents 15 percent of the funding and the remainder is local support, with 250 major individual donors giving \$1,000 annually and more.

WCF’s shortest grant term is three years and BFB gets most of its CB funding from WCF. WCF provided CB support to BFB to develop a communications and fundraising plan and advised on the selection of consultants, filling capacity needs of BFB in both areas. BFB accessed a customer relationship management system with CB funds from WCF, consolidating data that was previously scattered across different staff.

BFB’s sustainability is helped by local donors, individuals who provide GOS so that the organization has great flexibility in using donations. For example, BFB was able to respond to critical nonfood needs of people struggling in the community and added the provision of sanitary products, building it into their budget.

An example of BFB’s rapid response to community needs is the addition of food supplies to mobile health clinics, particularly during the berry harvest season which coincides with food insecurity for people involved in berry picking.

### Sustainable Connections

Sustainable Connections was founded in the early 2000s to help locally owned businesses in environmental and social ways – such as reducing waste, promoting clean energy, finding local providers. The organization focuses on a mix of environmental, energy, food and social goals, working in a small city of

“WCF gave us funding with few strings attached and they did not micromanage but were responsive to our needs.”

MIKE COHEN  
BELLINGHAM FOOD BANK



90,000 people. The membership includes thousands of businesses, primarily small in size. It's unique for a nonprofit to engage the business community. Sustainable Connections acts as a catalyst and convener and strives to be an effective "backbone organization" in support of the community.

Sustainable Connections' \$2.5 million budget includes earned income from food, advertising, business, as well as individual, institutional and government grants.

Small, trust-based grants from WCF enable Sustainable Connections to experiment and learn by doing. For example, WCF provided support for an Equity, Diversity and Inclusion initiative that allowed Sustainable Connections to celebrate diversity in the community by bringing seasonal programs into neighborhoods.

Sustainable Connections achieves a diverse set of outcomes, aiming for a mix of economic, environmental, and social results, and striving for upstream solutions that provide benefits across these areas. Social outcomes are far broader and more difficult to measure than environmental or business outcomes – in terms of social goals, each business owner may have goals that resonate more than others – for example, more promotions from within, or increasing volunteerism, or having more women and minorities in leadership positions. Multi-year funding, flexibility, and the size of grants are all important in helping Sustainable Connections reach its goals.

## KEY LEARNINGS

### A "value chain" of trust.

As GOS flows through intermediaries to organizations working at the community level, a value chain of trust is built linking original funders, intermediary funders, and grassroots organizations, and – through the latter – extending all the way to the communities.

### GOS as a transformational resource.

Many organizations react to an infusion of GOS by expanding existing programs. WCF was encouraged by its donor to use the large GOS grant for transformational purposes, which gave WCF license to "rethink" its engagement with the community. By having the time and space to reflect on how to engage with their partners and grantees, WCF was able to better understand trends and needs in the community and to be proactive rather than reactive in responding to those needs. It was also able to be flexible in its engagements with the community.

### Organizational readiness is integral to how GOS and CB funding are absorbed and used.

GOS comes with no strings attached and the grantee organization has to be ready – or has to develop the readiness – to make the best use of it. WCF relied on facilitators and CB support to go through the process of transformation.



We value the flexibility and the long-term support from WCF. It all comes from trust and the trust we build is from helping them accomplish things, starting with small goals. Trust builds.

DEREK LONG  
SUSTAINABLE CONNECTIONS

GOS benefits cascade through WCF as an intermediary to the grassroots organizations working locally. GOS benefited WCF both as a grantee and as a funder. The unrestricted support freed up time and streamlined resources in terms of paperwork, operations, and their ability to be a better listener. The advantages of GOS are paid forward to local organizations, and the freedom from restrictions allowed grassroots organizations to focus on what's most important – what is happening at the local level.



## **Career Ready**

Showcasing how  
GOS and CB  
funds can catalyze  
innovation.

### **Why Career Ready?**

The experience of Career Ready demonstrates how GOS gives an organization ready for a strategic shift the flexibility to innovate and seize opportunities – in this case a change in policy in the education field in the United Kingdom.

GOS enabled Career Ready to invest in capacity building and organizational system changes that enhanced community outcomes. These include the introduction of a new model and a product known as Careers in the Curriculum, supported by a combination of GOS and CB funds. These investments were instrumental in expanding Career Ready’s program to 100 new schools and tripling its outreach in one year.



### In a nutshell

Launched in 2002, Career Ready works across the United Kingdom to connect disadvantaged young people with the world of work, unlocking their potential and leveling the playing field. Since 2002, Career Ready connected more than 16,000 students aged 14-18 with employers and colleges and provided them with mentors, internships, master classes, and employer-led activities to prepare them for the world of work. In 2018, Career Ready's network of more than 5,500 volunteers from 400 employers helped to transform the lives of 30,000 young people in more than 300 schools and colleges. The reach of the organiza-

tion has grown from 3,500 in its first years of activity to 90,000 students in 2018. Ninety-eight percent of Career Ready students go into careers or employment compared with 86 percent of disadvantaged students in England.

### How does Career Ready work?

Career Ready serves adolescents, particularly youth from disadvantaged backgrounds. Program content includes sequential master classes, access to a mentor from the private sector, and paid internships or volunteer assignments in the world of work. The organization began with the Plus Program, focusing on cohorts of youth 16 to 18 years of age, and later introduced programs targeting a younger segment of students age 14 to 16. Programs for younger students include the Whole School product, piloted in schools with which Career Ready has a strong relationship.

Subsequently Career Ready, with GOS funds, developed a new product known as Careers in the Curriculum, which is delivered by teachers to students, introduced in 2019. This consists of inputs which encompass master classes and assemblies which are delivered directly in the school setting, and allows Career Ready to break down career advice, guidance, and insight. In a cascading model, sessions are held with teachers who receive all the relevant material and weave it into their own lessons.

Career Ready has grown to work in partnership with both the government, which has supported program expansion and has adopted

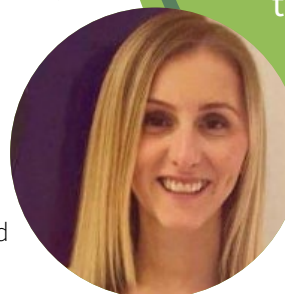
the Career Ready evaluation model, and with the private sector, with companies providing valuable internships to students in areas such as banking, technology, and engineering.

### What is the funding profile of Career Ready?

Career Ready operates at the intersection of the education system and employment; as such it receives substantial support from employers and partners with the government, in addition to receiving traditional funding from trusts and charities. Throughout its history, and particularly in the past six years, Career

“As a former teacher, what I really like about the program is that it is easy to implement, there is no additional work involved, and it does what it says on the tin; it brings the world of work alive to students in a real and meaningful way.”

CAROLINE EMERY  
TEACHER IN WHOLE  
SCHOOL PROGRAM



Ready has benefited from a relationship with Citi Foundation that has included substantial CB support.

## THE ROLE OF GOS AND CAPACITY BUILDING

### How did GOS advance Career Ready?

In 2016, Career Ready earmarked £360K of its GOS and CB funding for growth and development purposes. These funds enabled the organization to develop a multi-year strategy increasing student reach while reducing cost per head by increasing geographic density within the economically less vibrant areas, defined as “cold spots.”



Photo credit: Career Ready

In 2017, the UK Government introduced a new policy mandating that schools provide career guidance to students. This resulted in a surge of demand for services provided by Career Ready, as one of the few organizations working in this space across the United Kingdom, as well as in interest from employers. Corporates were looking for talent further upstream, as part of an early career talent acquisition strategy. With the flexibility afforded by GOS, Career Ready was able to invest in leadership and systems to significantly scale up its programs. This critically enabled Career Ready to invest in program evaluation development, impact evaluation, and scalability.

This resulted in an investment in new senior positions with deep private sector experience and strengthening of digital, financial, and operational capabilities. These changes in turn resulted in innovations and a roll-out of new products to respond to the new context. These include the Whole School program, focused on younger students, and the subsequent Careers in the Curriculum products, introduced in 2019.

In one year, Career Ready expanded its services from 300 to 400 schools in areas with high levels of immigration where students tend to lack opportunities to move to higher education or professional employment. The organization approached its growth and transformation by looking at building blocks, strategically adding elements to their existing programming, with a three-year horizon preceded by a “year zero” dedicated to planning. They considered the capacity



“ One of our biggest steps to building out capacity was admitting that we didn’t have enough senior team coverage. We needed funding to make an expensive investment in senior management with the right background. ”

MARK SMITH  
CAREER READY

needs of each element, with special attention to sustainability and impact.

Career Ready’s new programs have integrated teachers’ perspectives to ensure their strong buy-in, which they found crucial for effective implementation.

### What were the challenges?

One of the key challenges was the “depth vs breadth” dilemma – determining whether to pursue a deeper engagement with schools or opt for a lighter touch approach that would reach more institutions but potentially dilute the connection between activities and outcomes. In terms of MEL, a challenge was to



create an evaluation experience for schools that is not too demanding but generates sufficient data to demonstrate impact, while also providing some useful data for schools.

### **How is the impact on community outcomes quantified?**

Career Ready focuses on bringing partners together to maximize impact: “Bringing young people out to the world of work” by partnering with schools, local employers, government, and the private sector.

Career Ready was able to triple the number of beneficiaries served through the roll-out of new products

Photo credit: Career Ready

in one year, from 30,000 students in 2017 to 90,000 in 2018. Career Ready gained access to a large number of the new schools through a partnership with the government which was injecting resources into “cold spot” areas.

In terms of program outcomes, 98 percent of Career Ready students go into what the organization defines as a “positive destination,” that is, having a sufficient level of education, employment, or training so that they can go on to university, apprenticeships, or a form of employment after having been in the program. This compares with 86 percent of disadvantaged students nationally.

Career Ready has a robust M&E system and has made a substantial investment in systems and methodology, aiming for a holistic ability to track the impact on schools, individuals, and volunteers. The methodology is aligned with the government framework, so that results are consistent with and feed into national targets.

In 2018, the organization started an alumni network to assess, longer-term, the extent to which the program has made a difference in participants’ future earnings and how students developed their networks and social capital. This includes a rigorous approach, with an assessment of a comparison group with similar backgrounds as a control group.

## **KEY LEARNINGS**

### **GOS facilitates nonprofits’ response to a dynamic environment.**

With changes in the United Kingdom market, and the shifting government policy, Career Ready experienced a steep increase in requests for its services and demand to work with younger cohorts of students. Achievements reached as a result included the tripling of its coverage and a reaching 98 percent of its students in a positive destination, compared with an average of 86 percent in the country as a whole.



We have been able to invest in central core staff as a backbone to the bigger organization. Our central function has grown along with our regional manager base so that we can do more activity and do it better, get more feedback, and do more of our impact measurement.



**ANNE SPACKMAN**  
CAREER READY

**GOS provides opportunity for strategic investments in innovation, not just expansion of existing programs.**

In moving from a narrow program to much expanded outreach, Career Ready initially reacted by doing more of what they were doing – that is, delivering their traditional program to more schools. GOS unlocked the time and resources to pilot Careers in the Curriculum, beginning with schools with which they had good relationships. With GOS, the organization had the resources to decide between sustainable, pragmatic growth versus transformation.

**GOS enables strengthening of the core organization as a backbone for expansion.**

Overhead funding can only go so far in strengthening an organization’s core infrastructure. The ability to invest in central core staff as a backbone to the organization would have been difficult for Career Ready to achieve only with programmatic and overhead funding. A strengthened core organization and investment in new senior positions allow a focus on MEL investments while delegating programmatic activities to regional teams, which operate in close proximity to the schools.

**A strong MEL system is a prerequisite for being able to measure outcomes and requires upfront investment.**

Career Ready has been investing progressively in system improvements that allow it to track longer-

term outcomes and provide a holistic view of results for schools and students participating in the program. Career Ready aligns its MEL system with government frameworks to feed into national targets. It is also crucial to design a MEL system that delivers value to participating schools without becoming too taxing on partners and beneficiaries.

**GOS boosts grantee organizations’ confidence.**

Tight project funding, with short time frames, can inhibit an organization’s own thinking and ambitions. GOS provides a confidence boost that prompts an organization to try new activities without the fear of being penalized for taking risks.



“ Much funding in this country is based on results and paid in arrears. No charity can sustain itself long-term being paid in arrears. GOS shows that funders trust us; this belief in the organization is key for transformation. ”

MARK SMITH  
CAREER READY





## **Global Fund for Children**

A model of how long-term commitments can deliver results.

### **Why the Global Fund for Children?**

GOS is built into the theory of change of Global Fund for Children as a key element and driver of its approach.

This example shows the value of GOS combined with CB funding as an investment in long-term, trusting relationships with grantees working at the grassroots level that help them achieve their intended outcomes.

GFC also delivers CB through cohorts of grantees from different geographies, which has enhanced cross-culture collaborations and created opportunities for peer-to-peer learning. This in turn has strengthened organizational effectiveness and improved community outcomes.



### In a nutshell

Since its founding 25 years ago, GFC has focused on “getting flexible funding into the hands of innovative grassroots leaders.” This approach, unique at the time, relied on moral support, capacity development, and network support working in an organic way. While the model has remained consistent over time, it has evolved more recently as GFC adopted a more structured and streamlined approach to the organizations it funds. Rather than funding many organizations across different geographies, all of which are focused on children and youth, GFC is building a more targeted

approach, forming cohorts of organizations that work on specific sub-thematic areas that serve their beneficiaries in multiple ways.

### What is the funding profile of GFC?

In its early years GFC received support mostly from major donors, which allowed the organization to commit to grantees for five to six years. As funding became more diversified with more institutional donors supporting specific initiatives, the GFC multi-year timeframe has been reduced to three to five years.

### How does GFC work with its grantees?

GFC gives GOS and CB funding to grassroots organizations around the world, through small, GOS grants. The funding enables grantees to develop capacity, fill gaps or engage in advocacy, among other uses, as they choose. GFC also has a supplemental granting process: as needs are identified in the course of a relationship to grantees, additional small grants are disbursed in a timely manner. These grants may be used in various ways, including organizational development, to participate in conferences, or to fund peer collaboration.

GFC seeks to highlight how grantmakers can uplift grantees to create cascading, systemic change (GFC’s #shiftthepower blogpost is a key instrument to this end).<sup>8</sup> GFC recognizes the importance of acknowledging complexity and understanding the environment in which grantees work, as well as the absolute necessity to build relationships that are based on trust.

Subject to constraints flowing down from its own funders, GFC strives to provide support across multiple years to its grantees. GFC reports excellent results helping organizations develop capacity, and now it is working to improve and articulate the approach more specifically.

### How does GFC view GOS?

GOS is built into GFC’s theory of change, which has been recently reviewed through a participatory process involving the whole team. GFC is now testing and implementing aspects of its theory of change. The initial grant term for all partners is one year. The use



Our journey with partners is relationship-based. We find organizations by spending time in country, getting to know their work, and over time develop close relationships between program officers and partners.



COREY OSER  
GLOBAL FUND  
FOR CHILDREN

<sup>8</sup> Hecklinger and Diemand-Yauman (2019).

is determined by the grantee and renewal of funds is based on the length of the initiatives being funded. Grantees' needs emerge through an organizational assessment and capacity development planning process. Grantees are sometimes able to fill gaps that are not covered by other project-based funding.

GFC provides supplemental funding, disbursed from a dedicated pool of funds that are earmarked for a cohort of partners. Supplemental grants are available for grantees to apply as needs emerge, and typically fund organizational development, networking opportunities, or peer collaboration.

GFC also looks for new opportunities to extend funding to partners by linking them to new initiatives, and supports alumni partners through emergency funding or other initiatives such as the Courage Awards.

GFC receives budgets from grantees and engages in conversations, without prescribing the use of funds. Rather, it uses open questions to understand the grantee's needs and challenges. To GFC, trust and relationships are key.

### **How is impact on community outcomes quantified?**

Learning and evaluation are emerging practices at GFC. GFC encourages grantees to identify outcomes that are meaningful to them. While a significant share of GFC's own funding comes from donors that have a particular interest, GFC tries to avoid having programmatic outcomes that are too closely defined and that may limit the grassroots organizations with which they work. GFC encourages partners to think about how they measure change and what makes sense to them, taking existing reporting into consideration. Grantees report to GFC on their general organizational progress as well as on questions related to specific initiatives.

While GFC does not attempt to measure the impact of GOS, it aims to understand how funds are being used and the difference that the funding is making, even in the cases in which funds are used to fill gaps.



Many of our grantees are used to project funding so they think that is what we need or want, but we try to make it clear they don't have to use our funding for a specific purpose.

**JOE BEDNAREK**  
*GLOBAL FUND  
FOR CHILDREN*



As GFC's partnering-style evolved, and funding sources evolved as well, GFC recognized the need to develop a learning and evaluation practice. The organization recently hired dedicated staff in this area, with the objective of learning about the difference GFC is making in the broader field of social change.

GFC recently tested outcome harvesting methodology as part of a final learning exercise with a group of grantee partners in sub-Saharan Africa working on girls' education. The methodology is well-suited for initiatives that do not have clearly defined outcomes at the outset, as it captures programmatic and organizational changes as they emerge.



Participating stakeholders identified and linked several changes in different programs to GFC's provision of GOS. For instance, the use of GFC's GOS funding for girls' school attendance and academic performance, school infrastructure and systems is attributed to changes in behavior of the girls, local partner staff, educators, and the wider communities and girls' families.

The budget for evaluation within existing grants is on an initiative basis as opposed to large-scale evaluation efforts across different geographies, because of the great diversity involved.

### THE ROLE OF GOS AND CAPACITY BUILDING FUNDING

The experience of Arpan (India) and Asociación Pop No'j (Guatemala) highlights the potential of GOS and CB funding. The collaboration between these organizations shows the value of GFC's Step Up program. The Step Up program builds global peer learning cohorts of organizations that explore areas such as transformative leadership, shifting power, wellbeing, and adapting to change while striving for deeper impact.

#### Arpan

Arpan teaches children personal safety, working primarily in partnership with schools, and training stakeholders (including parents and teachers) to ensure children have a supportive environment. Arpan provides age-appropriate counseling and therapy to children who went through abuse. Arpan's programs

have been scaled up through their work with the Government of Maharashtra (India's second-most populous state) to make personal safety part of school curricula, and to disseminate information about it through digital learning.

GFC initially supported Arpan in the early 2010s through funding to Arpan's personal safety education program. GFC continued to partner with Arpan as the organization grew. Since the funding from GFC, Arpan has grown twelve-fold from a budget of ₹71,00,000 to approximately ₹9,50,00,000 (about \$1.4 million) in financial year 2019.

A key use of GOS from GFC was to cover Arpan's fundraising salaries. This type of expense is not normally covered by programmatic grants or by overhead attached to those grants; GOS enabled Arpan to expand its fundraising and scale programs. GFC also made donor introductions to help Arpan expand and diversify its funding base to scale up. One of these introductions was Estée Lauder Foundation, through which GFC brokered a sustainability grant that funded Arpan's corpus (reserve fund). The relationship with GFC evolved over time, starting with both programmatic and CB funding, to funding key salaries, to facilitating a grant for the corpus, to collaboration grants. It has been a fluid process in terms of making the most of opportunities. Arpan also received opportunity grants from GFC to showcase its work internationally, leading to new strategic connections.

#### Asociación Pop No'j (Guatemala)

Asociación Pop No'j is a grassroots organization working with children in Guatemala. While Asociación Pop No'j receives a substantial amount of GOS funding from other donors, the organization appreciates the "horizontal" relationship with GFC, which trusts them as experts in its field and in its country.

There can be tension between flexibility and the need to set up systems. GFC was supportive of changes in how they planned their grants, such as Asociación Pop No'j's decision to use funding to strengthen fundraising

“

GFC is a strategic funder for us – it's a partnership we value not only from the funding perspective but because GFC helps us think in terms of our growth. They play the role of an enabler not just a funder.

SHARALENE MOONJELY  
ARPAN

”



staff capacity and internal administrative functions, two areas that required support.

Another important factor in the relationship is that flexibility in funding is accompanied by flexibility in reporting. GFC asks Asociación Pop No'j to report on what is most important to the nonprofit, so that it can remain focused on its priorities and not drain administrative resources. Organizations need to share “real information,” without fear that it could preclude funding from other donors. The cohort gatherings funded by GFC's Step Up program were valuable not only in leading to a partnership with Arpan (described below) but also as an opportunity to help the leadership learn about experiences of other organizations.

### **Arpan and Asociación Pop No'j (Guatemala) partnership**

GFC supported Arpan and Asociación Pop No'j with other grants and opportunities, one of which brought the two organizations together into a valuable collaboration, through the Step Up program. The program enables organizations to learn new practices and ways of working from their peers in order to support program need, in an interactive way as grantees learn about each other's challenges and solutions.

Through the Step Up program, Asociación Pop No'j adopted Arpan's methodology and translated content provided by Arpan into Spanish, which will then be hosted on Arpan's e-learning platform. Arpan plans to provide training to make content available across age groups in Guatemala. This is an example of how funding support enables Arpan to advance its global

vision. By opening doors to international partnerships, Arpan has the potential to reach large numbers of children through the replication and dissemination of its programs in new countries via the e-learning platform.

### **KEY LEARNINGS**

#### **Intermediaries can be advocates and brokers of relationships.**

GFC serves as an advocate to its grantees and partners. It can “nudge” them towards initiatives that promote growth and visibility, and new ways of thinking about their work and peer learning. It can broker relationships with other funders, to help organizations secure additional funding. Introductions to new donors can be instrumental for growth.

#### **The effectiveness of GOS and capacity development stems from a relationship of trust.**

GFC invests in its relationships with grantees and in understanding their needs. Decisions about funding and areas of support are driven by the grantee and open conversations are held for this purpose. The flexibility of funding creates the opportunity for a dialogue between grantee and funder. A mindset of “being in it for the long term”, within the constraints of funding cycles from upstream donors, is key to establishing this kind of relationship.



**We appreciate that this cooperation with GFC is more horizontal, recognizing the expertise of local organizations that implement the strategy. A horizontal relationship is mutual recognition of what we bring to the cause.**

**JUAN JOSÉ HURTADO PAZ Y PAZ**  
*ASOCIACIÓN POP NO'J*

#### **Funders can be “thinking partners” through MEL. GFC strives to promote MEL efforts that are relevant for their grantees.**

Nonprofits are encouraged to think about the outcomes that are most meaningful for the communities they serve. Funders can consider qualitative methodologies such as outcome harvesting that can explore the dynamics of change in a more flexible way.

#### **Grantee cohorts are viable vehicles for CB.**

GFC's investments in cohorts promote peer learning among organizations that may work in different areas but share some of the same organizational challenges. The cohort model promotes knowledge sharing, innovation, and risk-taking.



# Conclusions

## Conclusions

What does this all amount to, and what are the steps that funders can take? This is a burning question, as we conclude this report at a time of an unprecedented global health crisis. It seems that, from both funders' and grantees' perspectives, a collective shift in priorities would be beneficial to them and to the broader public they serve. That shift is toward supporting institutions rather than projects. It's essential for funders to establish a more level playing field with their grantees in terms of the power dynamics. This is how to build trust that enable more honest conversations about long-term vision and impact. At the same time, donors may need to accept a higher tolerance for risk, factoring in the likelihood of failure and valuing the learning from those failures.

There is consensus about the importance of GOS, but not enough organizations are walking the walk. What is holding funders back from providing GOS and longer term grants? A number of donors have taken bold steps to commit to GOS, and to back their commitment with sizable resources. We have the opportunity to look at the organizations that are prioritizing flexible funding, including the ones featured in this paper, and learn from their experience.

Long-term support – and by this we mean at least five to seven years – is essential in order to attain a better understanding of the results achieved by nonprofits. Donors should acknowledge the limitations of short-term cycles of one to three years which tend to be the norm in the funding landscape. As we saw in the case of the WCF, there are advantages to holding off

on expectations that GOS should be put to immediate use. GOS support combined with targeted CB funding can give organizations the time, space and confidence to rethink and strengthen their engagement with the communities.

The line between donor and grantee is increasingly blurry, and many organizations in the development field actually play both roles. The three funders we featured in this paper are very different kinds of organizations – a global nonprofit (GFC), a foundation focused on Africa (Firelight), and a community foundation deeply embedded in its local area of operation (WCF) – but they share similar challenges and opportunities. If they receive restricted or short-term funds, they are forced in turn to pass on those restrictions and time limitations on their own grantees. Restrictions thus flow down through the system. However, these organizations' dual functions as grantees and donors places them in an ideal position to understand the perspective of their own grantees, and to advocate for changes that benefit both.

It would be helpful for donors to understand the use of GOS and CB funding, and this is done best by looking backward and tracing a causal link, rather than try to understand at the outset how funds will be used. GOS in particular flows in different kinds of directions: it may be used to fill temporary gaps, to build reserves, to boost existing programmatic funding, or it can be designated for growth and innovation. Organizations that have sophisticated management and evaluation systems like Career Ready are able to estimate funds used to invest in future growth and innovation, but they may be an outlier among nonprofits.

Donors should recognize the burden of proof they are putting on grantees in terms of showing results. MEL should be seen as a two-way process between donor and grantee. When grantees feel steered toward a predetermined path, opportunities may be lost. Methodologies such as outcome harvesting – in which funders and grantees work together to understand results on the ground, and then trace back the causality of tangible and intangible changes that led to those results – seem to be showing promise.

Nonprofit organizations are used to operating in a climate of uncertainty and crisis, of filling gaps that the government and the private sector are not addressing. GOS can support them by creating strong, resilient organizations. Nonprofits need to prepare for an uncertain future. Restricted funding cannot do that, but GOS combined with CB funding can support an organization over the longer term.

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## ABOUT SYNERGOS

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

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